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A Troubled Period

RECENT weeks have been characterized by marked fluctuation in the prices of many securities and by no little apprehension as to the future. The Secretary of the Treasury was so concerned over the outlook that he deemed it opportune to call attention to the fact that the Treasury has printed and ready for issue about \$500,000,000 in currency which banks may obtain for circulation under the terms of the Act of May 31, 1908.

This announcement was received with satisfaction by a few bankers, but was criticised by others as unnecessary and liable of itself to excite alarm.

The country is going through a period of depression, and at such times the currency supply is apt to be redundant. According to precedents, this is peculiarly a time when more currency is not needed. But there are elements in the situation that may complicate the problem. One of the chief of these is the always existent possibility of bank failures and the spreading of a disturbance by such failures. Then more currency might be called for to pay off frightened depositors. But up to the present time there have been no bank failures, nor is there any discernible sign of banking weakness. The banks, so far as may be judged from the usual indications, appear to be in a strong position. One cause of the low prices in the stock market has been the preparation which the banks

are wisely making for crop-moving in the fall, thus curtailing the availability of funds for speculation.

We do not at the present see any indications of a bank panic or any other kind of panic. What we do see is a period of depression; but that, in general, is just the reverse of a panic. Panics are nearly always the culmination of a period of active trading and speculation. That is the reverse of the situation now. It is not impossible, of course, that a depression might become so severe as to give rise to a panic, especially in a country where there are many small banks. But that is not the usual thing. In fact, it is directly contrary to the usual course of affairs.

If the emergency currency suggested by Secretary McAdoo is intended as a parachute to break the business fall caused by the new tariff measure, it could only be serviceable in case of a general disaster to business, which, of course, might lead to panic. But is it not a rather hysterical view to suppose that the new tariff will upset business so badly as all that? If that is to be the consequence of tariff revision, the bill should be modified.

We do not look for anything so serious as a result of the tariff changes. What we do look for is a temporary slackening in business activity—a waiting spell to find out just what the tariff will be and how it is going to affect business. Actually the country is al-

ready experiencing considerable business depression.

Should heavy demands for banking accommodation arise for crop-moving purposes, the banks ought to be in a good position to meet these demands because the slowing down of trade has released the pressure for bank credit and for currency. There ought, then, to be no occasion for issuing emergency currency for crop-moving purposes; and that such an issue will be needed for any purpose seems improbable.

The issue of emergency currency under the Act of March 31, 1908, is subject to a tax of five per cent., the rate of taxation progressing by one per cent. additional for every month the notes are outstanding until the maximum tax reaches ten per cent. This is a price which a bank might pay to save its life—to obtain currency with which to pay frightened depositors—but it would be a pretty heavy penalty to pay for procuring the means of carrying on one of the most obvious and the most legitimate functions of commercial banking—the harvesting and marketing of the staples of consumption.

Of course, if the notes were based upon short-time obligations instead of upon bonds whose date of maturity is remote, and if the notes were subject to daily redemptions through the clearings, no tax would be required to insure their cancellation and retirement.

If there should develop any real need of additional currency this fall, the emergency notes could be made available for this purpose by a simple amendment to the law authorizing the Secretary of the Treasury to remit the tax for, say, a period of three or four months. No bank likes to hang out what might be taken as a signal of distress, and this interpretation might readily be placed upon the issue of a heavily-taxed emergency currency.

Causes of the Depression

UPON European political disturbances must be laid the chief part of the blame for the present period of depression, though we might have escaped unscathed had our own financial house been in better order. But the European wars have not only turned considerable sums aside from the customary channels of investment, but they have been responsible for hoarding on a large scale. One result, of serious consequence to this country, has been the heavy falling off in the purchases of American securities for European account, thereby reducing our means of paying foreign indebtedness.

The unfavorable conditions in Europe have been coincident with unsatisfactory features of the financial and business situation on this side the Atlantic of local origin. A complete overthrow of the political party long dominant in national affairs has brought about a radical reversal of the country's tariff policy with the anxiety and uncertainty inevitably attendant upon such readjustment. Legislation on the part of Congress and the State legislatures has in many cases aroused business apprehension; the railroads especially have found it difficult to borrow on favorable terms, and are greatly concerned as to whether they are to be allowed to raise rates to meet enhanced cost of labor and materials; labor troubles, although not general, have occurred with sufficient frequency to add to the difficulties of a situation already badly complicated. Long contemplation of the actual and fancied defects of the banking and currency system of the United States has contributed a psychological element of no mean importance. A great many people, bankers and business men, have come to believe that the country can not have permanent prosperity until the banking

and currency system is thoroughly reformed.

The hoarding of money abroad and the public and private extravagance here have operated to reduce the supply of available capital. By the practice of economy and the slow return of confidence, the reservoir will be gradually refilled and then normal conditions will come again.]

Changes in the Canadian Banking Act

AN interesting statement regarding certain changes in the Banking Act of Canada appears in subsequent pages of this number. It will be seen that the revision of the Banking Act confers enlarged powers of note issues on the chartered banks.

Prior to 1908 the banks were permitted to issue notes to the extent of their paid-up unimpaired capital. These issues were pure credit notes, not being specially secured in any way, except by a five per cent. redemption fund to pay the notes of failed banks. As the notes are a prior lien on the assets of the issuing banks, this fund is never called on, and thus in practice has proved an unnecessary precaution for the safety of the notes.

In 1908 a further right of note issues was conferred on the banks. From August 31 to February 28 they were authorized to issue in excess of paid-up capital to fifteen per cent. of capital and surplus combined, subject to a tax of five per cent.

By the recent amendment a central gold reserve was established, and the banks authorized to issue notes to the amount of the gold coin and Dominion notes held for them in this central gold reserve.

It will thus be seen that the Canadian banks are permitted to issue un-

taxed credit notes to the extent of their capital; an "emergency" issue in excess of capital to the extent of fifteen per cent. of combined capital and surplus, subject to a five per cent. tax, the issue limited to the six months August 31 to February 28; and, finally, the banks may issue any amount of notes, provided they are covered by gold or Dominion notes deposited with the central gold reserve.

Freedom of note issues to the extent of capital is thus granted, and issue to any amount against a deposit of gold and Dominion notes.

These two provisions contrast sharply with the limitations placed on our banks with respect to the issue of notes. They can put out no circulation whatever unless they first lodge an equivalent with the Treasury in United States bonds; subject to a graduated tax, they may make further issues on depositing other classes of bonds.

Not only are the Canadian banks free to issue circulation as they choose to the extent of capital; but what is of very great importance, they are given entire freedom in handling their reserves. Herein lies the essential feature of the latest amendment to the Canadian Banking Act, which virtually allows the banks to convert their reserves into circulating bank notes. This would not be possible if the Canadian law prescribed a fixed reserve against deposits. Virtually the whole matter of reserves is entrusted to the discretion of the bankers, who may, if they think prudent, transform their entire reserves into circulating notes. Of course, they will not do this. But the fact remains that in Canada the Government trusts the banks and gives them great latitude with respect to their circulating notes and their reserves. In the United States, the Government does not trust the banks and narrowly restricts them in the matter of reserves and note issues. In other

words, in Canada the management of two important banking functions is left with the banks, while in the United States these functions are rigidly controlled by the Government.

in remembering that from their ranks there came in his person one of the great men of the nineteenth century.

Death of Lord Avebury

MEASURED by the standard of distinction in many fields, LORD AVEBURY, whose death occurred in London May 28, was the world's greatest banker, though his fame perhaps rested more on scientific and literary achievements than on banking; possibly his reputation was greatly enhanced by the somewhat rare combination of success as a banker and in the other fields mentioned. He was besides a statesman with a number of important legislative acts credited to his initiative.

LORD AVEBURY (better known as SIR JOHN LUBBOCK) represented an exceptional type of banker, and was a living refutation of the ancient axiom that the most stupid men make the best bankers. His exact prototype certainly does not exist in this country and probably not in England. It is not uncommon in either country for bankers to enter the national legislative body, but it is uncommon for them to win such a high reputation as bankers and as men of science and literature as LORD AVEBURY won and which he maintained to the time of his death. His honorable career extended over a long period of time, and was marked by beneficent activities in many directions. He labored for the betterment of those least fortunately situated, and with good effect. He was a consistent advocate of peace and did much to advance public opinion to a recognition of the economic wastefulness of war. His investigations and writings have given him a permanent place among men of scientific attainments. Bankers have cause for pride

Revival of a Hoary Falsehood

WHILE the ghost of the "crime of 1873" has not revisited the glimpses of the moon for some time, a less well-known ghostly visitant comes gaily upon the stage. This is the "crime of 1898." In Congress only a few weeks ago an unsophisticated Senator told how the American Bankers' Association in that year had, in order to force the repeal of the silver-purchase law, sent out a letter to the banks advising them to contract their loans and do a lot of other dreadful things. Over and over again this story was repeated and as often denied. So far as we have ever been able to learn, it never had the slightest foundation in fact. But some persons seemed so bent upon arousing political hostility against the banks, that this did not deter them from spreading the story broadcast. That it has retained its vitality for twenty years is proof of the saying that a lie dies hard.

The pity of it is that there are so many men in political life who are eager to believe ill of the banks. Had the Senator taken just a little pains to inquire, he might have obtained such strong denials of this story as would have made him hesitate to give currency to the antique falsehood. It is said that this tale was once brought to Mr. BRYAN's ears, and although he was always alert to "put one over" on the "money power," he had regard for truth and fairness, and when he found upon inquiry that the story had been denounced by the American Bankers' Association as a pure fabrication, he refused to make use of it.

New York Bankers at Ottawa

WHILE occasionally bankers' associations go outside their own States to hold their annual conventions, it is setting a new precedent for them to go to another country. But this is what the New York State Bankers Association did in going to Ottawa for its twentieth annual meeting. And the experiment was a success in every particular. The bankers of Ottawa, the Canadian Bankers Association, the Government of Ottawa and the Dominion Government all combined to give the visitors a most cordial reception.

The meeting at Ottawa was specially interesting in many respects. It afforded the New York bankers an opportunity of seeing a very beautiful city and of getting better acquainted with bankers and banking conditions in Canada. They, no doubt, could not have failed to observe the celerity with which the Dominion Government has just granted the Canadian banks the right to issue additional notes to meet the demands of trade, and we hope they took advantage of the opportunity to study at first hand and on the ground the excellent system of note issuing which has long obtained in Canada.

The invitation extended to the New York State Bankers Association to hold its annual convention at Ottawa was a graceful act, and one thoroughly appreciated by the recipients of the honor. The occasion was marked by several notable addresses of distinguished speakers from Canada and the United States.

Business relations between Canada and the United States are so close, and those who live in either country have so many common characteristics, that the New York bankers doubtless felt as much at home as they would had they convened at any of their accus-

tomed places of meeting within the State. Their Canadian hosts certainly did everything possible to accentuate this feeling. The American who visits Canada can hardly, on returning home, put on any airs on account of having visited foreign parts. And we suppose a Canadian who visits the States is not entitled to boast of having been abroad.

But however these things may be, the New York bankers who were at the Ottawa convention are unanimous in declaring that they had a royal time.

Congested Security Markets

THE inability of the security markets to absorb the heavy offerings coming to them has been a notable feature of the financial history of the second quarter of the present year. This condition is not local but world-wide, though in various countries it is more or less aggravated by special circumstances.

If the general cause be ascribed to undue expenditures, whether under the stress of necessity due to the rising cost of commodities, or whether it be due to extravagance alone, not much hope of immediate relief appears in sight. Here in America we are pinning our faith to tariff reduction as a means of lowering prices, but inasmuch as many if not most of the necessities entering into daily consumption are subject to little or no duty, this hope may prove in vain. Yet a lowering of tariff rates may help a little.

But the causes of advanced and advancing prices lie deeper, and the search for them must go on, even after the tariff is scaled down. When discovered with certainty, it does not follow that the application of an effectual remedy will be either easy or possible.

A rise in prices at a rate dispropor-

tionate to increase of income tends to obstruct the process of accumulating savings. It is upon the accumulated savings that the world's store of capital depends. Whether this store is actually smaller than formerly or not, it seems indisputable that it is relatively less, and that the demands made upon it at the present time are quite impossible of satisfaction.

Coincident with the increasing inability of individuals to add to their savings has been the growth of corporate and governmental expenditure. With the corporations this cannot justly be charged to extravagance. They are under the necessity of adding to their equipments, and in the case of railway and industrial corporations, their outgo for labor and materials keeps on unavoidably growing. But the necessity for such a heavy increase in governmental expenditures is less apparent. The world-wide craze for military and naval outlays on an unheard-of scale might be abated were "the common-sense of mankind" an existent fact instead of a rhetorical commonplace. Perhaps some of the nations may yet pause before they topple over into the gulf of bankruptcy, whose brink they seem already approaching.

State and municipal expenditures were never before so lavish, and hardly a day passes which does not call for some new source of governmental activity entailing the additional outlay of money. The tendency is to meet these new demands by fresh borrowings rather than by increased taxes. Indeed, so great are the demands that they could not be met by heavier taxation and without recourse to borrowing. Were the added taxation practicable—that is, if it were not beyond the immediate power of the community to bear—it would be extremely unpopular. People are averse to bearing the burdens of immediate taxation. When these burdens belong to the future—

especially if they may be passed on to future generations—they are assumed with a light heart. Revenues may not increase, but the "debt limit" is an elastic device which may be extended from year to year by marking up the value of taxable property.

It is easy to declare that the appropriate remedy for the present scanty supply of capital is immediate and drastic retrenchment upon the part of individuals, corporations and governments—and no other remedy will be of any lasting value—but the application of this curative process is difficult and we fear it is going to prove exceedingly painful.

Spanish as a Commercial Language

FROM the "Journal of the Institute of Bankers" (London) it is learned that great interest is being taken among the members in the study of foreign languages, especially in the study of Spanish. It is proposed that the Institute shall offer a number of scholarships, and that those obtaining certificates of proficiency will be given the opportunity of residing for a certain time in the country where the language being studied is the native tongue. The London banks will be asked to pay full salaries to those sent abroad during this limited time for the study of foreign languages.

British banks and British commerce are heavily interested in Spanish-speaking countries. By sending young bankers to those countries they will not only learn the language where it is spoken—obviously the best way to learn it—but will gain the additional advantage of becoming familiar with the tastes, manners and customs of the people—a knowledge of great assist-

ance in extending trade and financial operations.

The younger bankers of this country—especially those in the larger cities having an export trade—might profitably imitate the example set in London in studying the Spanish language, for a knowledge of that language will in many cases be helpful in extending our trade and influence in the Spanish-speaking countries with which our relations will probably grow vastly more important on the opening of the Panama Canal.

Political Attack on the Banks

NO surprise need be felt that the movement in behalf of currency legislation should give rise to a bitter political attack upon the banks. Those who have kept in touch with public sentiment have rather been surprised that this attack did not come before it did. For there is, unfortunately, a considerable element that finds delight in outbursts of this character.

The assault referred to was made by Representative HENRY of Texas in a speech made in the House of Representatives. Mr. HENRY offered the following amendment to the National Banking Act:

"No association shall be subject to any visitatorial powers other than such as are authorized by this title, or are vested in courts of justice, or such as shall be or shall have been exercised or directed by the Congress or either House thereof."

In support of this measure Mr. HENRY said:

"The introduction of this bill means that I think further investigation of the Money Trust should be immediately pressed. The Pujo committee barely scratched the surface of facts underlying the concentration of control of

money and credit. When they undertook to go into that subject the Comptroller of the Currency, the mere creature of the law, perched himself behind the statute which vested in him and the courts exclusively all visitatorial powers and denied to the investigating committee all access to his records and those of the banks, although the committee asked for nothing except touching transactions beyond a million dollars. Hence without access to such records the Pujo committee was powerless to completely expose the existing relations between the Wall Street bankers and their allies with the trusts and monopolies, stock gamblers and financial conspirators."

Mr. HENRY further said in his statement:

"With this investigation scarcely begun, the Comptroller of the Currency, shielding the great bankers and their questionable dealings from exposure, the Wall Street bankers are now demanding legislation on the currency question, in order that they may make a market for their commercial paper (much of it based on rotten securities) and have currency issued on their assets."

"The Baltimore platform said nothing about currency legislation, except to repudiate and denounce the Aldrich Currency bill. It did, however, demand a systematic revision of our banking laws so that we might have protection from control or dominion by what is known as the Money Trust.

"But the Wall Street bankers, thinking the people confused and upset by a revision of the tariff and therefore lulled to sleep on the currency question, have begun their old scheme of endeavoring to hurry through a plan giving them the right to issue, or have issued, by the Government (and call that currency by any name that suits) asset currency. It is the same old

game. In some way these Wall Street bankers and their allies want to make a market for their paper and securities and to control the currency of the country and cause the Government to abdicate the function of issuing and controlling the currency.

"The Democratic doctrine is that all paper which is made a legal tender for public and private debts, or which is receivable for dues to the United States, shall be issued by the Government of the United States and shall be redeemable in coin.

"Then let us continue to investigate the Money Trust, probe into their transactions, and when the next session of Congress meets revise in systematic fashion our banking laws, and the currency laws as well, and, in truth and spirit, carry out the demands of the Baltimore platform and the Democratic party.

"I warn the people that the Wall Street Money Trust is pushing its propaganda throughout the country for currency legislation so that they may get the right to issue or control the currency and take that function away from the Government. Anything short of that will not suit them, and they will not tolerate it. All their literature shows it, and they are sowing the country broadcast with it.

"I am ready now for the right kind of currency legislation, but never for the plan that turns the currency business over to the banks and corporations and strips the Government of its sovereign power and spurns the Democratic faith of more than a century's standing."

The proposal to amend the banking law so as to extend the power of the Government to inquire further into the affairs of the national banks was referred to the Banking and Currency Committee of the House, where it will probably remain, as it can hardly be

supposed to represent the views of a majority of the committee, much less a majority of the House itself. If there is a time for every purpose under the heavens, the present is certainly the least opportune time for a further sensational investigation of banking. It is only speaking the language of common-sense to say that the present situation is one calling for great patience, for calmness and for an earnest, patriotic search for such curative measures as will tend toward sustaining genuine strength in our banking and credit situation. The sensationalism developed in the previous "money trust" investigation if repeated now would, in our opinion, have a most unfavorable effect upon business, for the present situation is one calling for quietness, not hysteria, and Mr. HENRY's outburst sounds hysterical in the extreme.

At the time this is written we have not seen the "official" currency bill, and therefore cannot say whether it justifies Mr. HENRY's assumption that it is only a revamping of the so-called Aldrich plan. Before condemning the measure it might at least be well to wait and see what it is.

With regard to Mr. HENRY's main contention, that the Government should control the currency volume, we are not the least bit in sympathy. For fifty years the Government has been trying to do that very thing, and it has failed miserably and wretchedly. It has made such a pitiful mess of the attempt that it ought to give up trying.

And the reason for this failure is simply this: the Government can not possibly know how much currency is needed or where it is needed.

Nor can any central bank, or board of control know this, either.

The only one who has sure knowledge of the needs of currency and credit is the man or the community that wants it.

The only sure means of testing the demand for currency and credit is the bank, which has its finger on the business pulse of individuals and the community. Banks are the scales that weigh the credit of communities and individuals, and are therefore the only instruments that can properly gauge and supply the demand for credit and currency.

We do not find fault with those who think otherwise. For nearly half a century genuine bank notes have been out of circulation in this country. All our currency is in reality Government money. Worse than this, through a bad fiscal policy, the people have learned to rely upon the Government to supply extra demands for credit and currency. This system has broken down, not through faulty Treasury administration but through the incurable defects of the system itself. There can be no permanent betterment of the situation until we allow the streams of credit and currency to flow automatically without Government interference. It is a hard lesson to learn, for it is a breaking with so much that we have been accustomed to; but the attempt of the Government to regulate the volume of credit and currency is an absolutely impossible undertaking, and might just as well be realized and faced now as later.

Were we disposed to enter upon a discussion of the historical phases of Mr. HENRY's remarks, we could remind him of something very interesting which he seems not to know or to have forgotten. He states that "The Democratic doctrine is that all paper which is made a legal tender for public and private debts, or which is receivable for dues to the United States, shall be issued by the Government of the United States, and shall be redeemable in coin."

As to what is the prevailing Democratic doctrine, we shall not attempt

to decide; but has Mr. HENRY forgotten that till the advent of the Republican party legal-tender paper money was unknown from the time of the taking effect of the Constitution? What would ANDREW JACKSON and "Old Bullion" have thought of such "Democratic" doctrine? Legal-tender paper money is a Republican invention; so are the present bank notes (really Government paper); there is nothing Democratic about either.

We do not attach much importance to this phase of the subject, except that the Democrats would be quite consistent in taking a position in favor of gold certificates as the only form of legal-tender paper (although they are not a legal-tender at present) and in favor of genuine credit bank notes. They would thus place themselves squarely in opposition to the Republicans who have given the country legal-tender paper money not fully covered by coin and so-called national bank notes, which are in reality Government notes, and have perpetuated these unsound elements in the country's currency system for half a century.

Bank Employees Aid in Getting Business

NOT very long ago the great majority of banks would have been shocked by the suggestion that they should put forth any special efforts to add to their business. Gradually, however, they discovered that their dignity suffered no serious hurt by advertising of the ultra-conservative kind, and in time this advertising has come to be so worded that anyone who reads it attentively may be pardoned for inferring that the bank mentioned would not be averse to receiving a few additional millions or even thousands of deposits.

From advertising it was but another step to the direct and open solicitation of business. Now even the house-to-house canvass for deposits is not unknown, and the travelling representative of the big city banks has become almost as familiar a figure as the ordinary commercial traveller.

An instructive instance of the utilization of the employees of a bank in building up deposits is given elsewhere in this number of the *MAGAZINE* in an article by W. R. MOREHOUSE, assistant cashier of the German-American Trust and Savings Bank, Los Angeles, California. In this case the house-to-house canvass was not adopted, but the employees of the bank were offered a series of twelve prizes ranging in amounts from \$3 to \$50 for bringing in new business. From the account of this employees' prize contest as given by Mr. MOREHOUSE it will be seen that the bank gained through this method in fifty-three working days \$231,000 of deposits and 890 new accounts, the cost of each \$100 of deposits secured being eleven cents, and the cost of each new account twenty-eight cents. It is estimated that the value of the business secured was more than \$5,000 above the cost.

This substantial result appears to have been gained without any sacrifice of the bank's dignity.

It will be noted that of the new accounts opened 790 were savings and only 100 commercial. This would seem to point to the savings field as the most profitable for cultivation of this kind. Perhaps no inconsiderable number of the new accounts came from those who were not bank depositors at all. This is a source of new business which many banks neglect, though it would be of great benefit, not only to those immediately concerned, but to the community, if all persons having any substantial sums of money could be brought into the banks as depositors.

Although a contest of this kind seems fully warranted by the additional business secured, its most important result perhaps is the new spirit of enterprise and enthusiasm imparted to the employees. They are made to see that they are not mere cogs in a vast mechanism, but that they have a human personality which may be utilized in a manner directly beneficial to the bank and thus indirectly of great benefit to themselves. Thus they become not alone interested in getting business, but in taking care of it afterwards.

Bankers' Conventions, 1913

Agricultural conference, Bankers' Committees, 30 States, Kansas City, Aug. 26, 27.

American Bankers' Association, Boston, Mass., October 6 to 11.

American Institute of Banking, Richmond, Va., September 17 to 19.

Arizona, Phoenix, October 31 and November 1.

Illinois, Chicago, Sept. 25, 26.

Kentucky, Louisville, September 17 to 18.

Minnesota, Duluth, July 10 to 11.

Montana, Helena, August 15.

North Carolina, Asheville, July 8 to 10.

Ohio, Cleveland, September 11 to 12.

South Carolina, Lake Toxaway, July 10 to 12.

Washington, Bellingham, August 7 to 9.

Crop Notes

A Currency-Reform Measure

BY N. JOHANNSEN.

AT times we require more currency than at other times. Additional currency is especially required in the fall, for moving the crops.

In view of this the currency volume should be made elastic, which it is not now. Our present laws favor a constant expansion of the currency volume, but not its contraction. They spell inflation, not adjustment.

While we need a change for the better, such change should not go further than actually necessary. It should not be too radical. It should not overthrow the whole system which we are accustomed to, where a slight adjustment will answer the purpose.

No need for a central bank, where from former experience we know it is not the right thing for the United States, and where the people justly fear that it will be controlled by large financial interests.

No need of "complete divorce" of the note issue from the Government debt.

No need of sacrificing the high standard and the high market value of our Government bonds. A measure tending to depreciate these bonds would neither suit the people, the Government, nor the banks. The latter would be put to enormous losses were such a measure instituted.

And, finally, the banks should not be compelled to resort to a clumsy, round-about procedure for procuring a temporary supply of additional currency when they need it. The simpler the method of procuring it, the better. Such requirements as the rediscounting of commercial paper, or depositing collateral with some local district board, would be too exacting, and far from practicable.

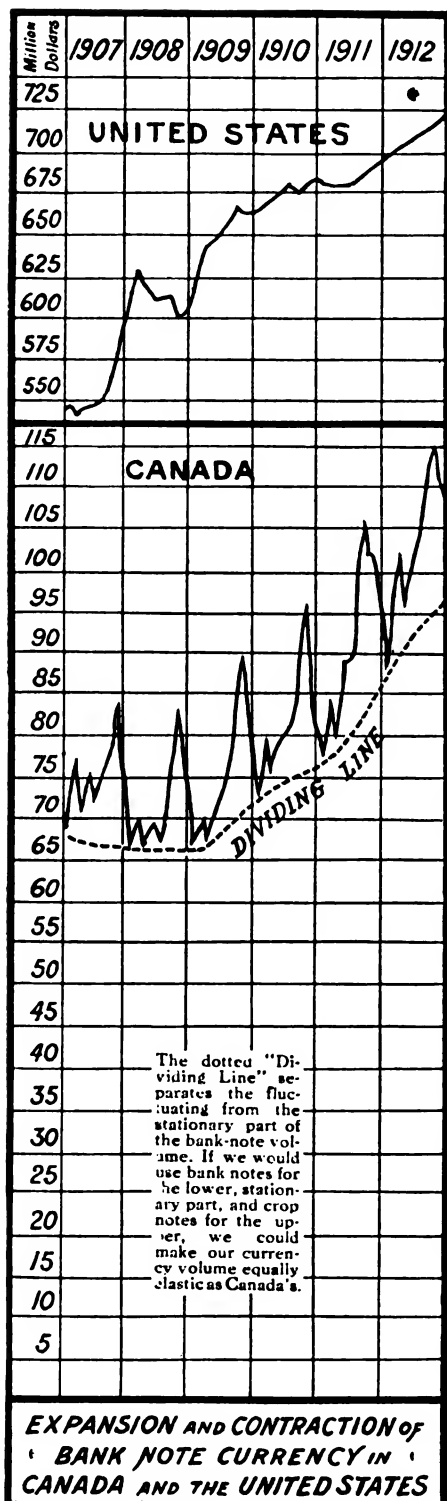
All we need is a higher degree of elasticity in our currency volume, fully as high as we see it in the much-

praised Canadian system. We can have it by making a slight addition to our present bank-note system, retaining all of its essential features just as they are. In fact, our present system need not be changed at all, the only change consisting of a supplementary measure which works entirely by itself, and in no way interferes with the system now in force.

THE CURRENCY VOLUME IN THE UNITED STATES AND CANADA.

Looking at the diagram illustrating the currency fluctuations for Canada and for the United States, we see a striking contrast between the two. The Canadian curve shows the currency volume to increase every year at harvest time, and subsequently to decrease again, whereas the United States curve indicates a steady increase, with no recessions to speak of. But it is a remarkable fact that if we connect the lowest points of the Canadian curve, we likewise arrive at a steadily rising line, similar to the one for the United States. This new line practically divides Canada's bank-note volume into two sections, the lower one showing no recessions to speak of, and covering the stationary (or nearly stationary) part of the currency volume, which the people always need to carry on their regular business, whereas the upper section shows the special requirements of currency needed for moving the crops.

Now, if we want to arrive at a currency as elastic as Canada's, all we have to provide for is the upper section, comprising the temporary additions, such as are needed for temporary requirements. We do not need to make any provision for the lower section, comprising the great bulk of the currency volume—that is fully covered by



the bank notes already out. To repeat: our present bank-note system (which fully remains in force) supplies the bank-note currency which the people always need to carry on their regular business, and which changes but slowly in volume; whereas the new additional currency, changing in volume quite considerably every year, provides only for the temporary needs of currency.

A CROP-NOTE CURRENCY.

For the purpose of such temporary additions, the Government should print a new kind of notes, and supply them to the national banks, on demand, subject to a moderate rate of taxation, which, however, is made progressive so as to drive the notes home after they have served their purpose. They are not secured by Government bonds, but in some other, more rational way. Let us designate this new kind of currency as "crop notes," inasmuch as it principally (though by no means exclusively) will serve for moving the crops. Such notes may be made of similar appearance as the regular bank-note, bearing the same design, but not bearing the name of any bank—a feature which will do away with a good deal of complication otherwise unavoidable.

Though the crop notes are not secured by Government bonds, they are issued by the national banks only in proportion to the amount of bonds already on deposit at Washington. The proportion allowed varies, according to the varying market conditions, and so does the rate of taxation. According to these varying conditions the allotments of currency to the banks, or "loans," to be issued by the Government's "Loan Office," may be divided into three distinct classes, as follows:

FIRST, Crop Loans.—During the crop season each national bank is entitled to a "crop loan" from the "Loan Office," to the extent of twenty-five per-cent. of the face value of its Government bonds deposited at Washington; such loan to be made in the shape of the new crop notes (or, if the Loan Office prefers, in the shape of assorted bank-notes—a point to be explained

hereafter). On a million of bonds thus deposited, the bank is entitled to receive not only a million of regular bank notes with its own name on, but also, during the harvest season, a loan of a quarter million of crop notes, which amount is supplied to it gradually, say, \$50,000 (i. e. one-fifth of the allotment) at a time, on August 1 and 15, Sept. 1 and 15, and October 1; returnable in like instalments, say, on November 15, December 1 and 15, January 10 and 15. If these dates and amounts are not exceeded, the rate of taxation will be one and one-half per cent. per annum.

SECOND, Accommodation Loans.—At a progressive rate of taxation, commencing with three per cent., any national bank is entitled to a loan of \$500 on every \$1000 Government bond deposited at Washington; or, if deemed preferable, the amount may be limited to only \$400 or \$350. If a bank does not return the crop loans promptly on time; or if it applies for loans outside of the crop season; or if, during the season, it applies for loans in excess of its crop-loan allotment—in all these cases the progressive three per cent. tax will rule. If, on October 1, the bank borrows \$500 on the \$1000 bond for a month, the tax will be one and one-half per cent per annum on the crop-loan allotment of \$250, and three per cent. on the additional loan of \$250, to be called the “accommodation loan.”

These accommodation loans should be of a temporary nature, the same as crop loans, though not like these tied to any particular season of the year. If a bank needs *permanent* expansion, it should resort to the regular bank note, and to this end increase its capital and its holdings of Government bonds, but not depend upon continuous accommodation from the Loan Office. To enforce the temporary character of the accommodation loans, no bank should remain indebted to the Loan Office for more than nine months in the year. For ninety days (scattered over the year any way to suit the bank's convenience) the bank

must stand free of debts to the Loan Office, being neither allowed accommodation loans nor crop loans during that time.

The taxation progresses as follows: If on a \$1000 bond a bank borrows \$500 for two months, the tax will be three per cent. per annum, increasing to four per cent, five per cent. and six per cent., if the time is extended beyond two, four or six months respectively—nine months being the maximum allowed. Or, if the bank borrows \$125 for nine months, the rate will be three per cent.; rising to four per cent, five per cent. and six per cent., if the borrowing exceeds the average of \$125, \$250, or \$375 respectively. For intermediate terms or amounts the average system should rule (multiplying the dollars by the days), and on this basis the tax accounts should be kept, in account current style, to be rendered to the national banks at the end of the year.

Why should the rate be one and one-half per cent. for crop loans and three per cent. or more for accommodation loans? As is well known, country banks keep large balances in the reserve banks, at two per cent. interest. The tax on crop loans must be less than that, otherwise the banks would prefer to draw their crop requirements from the reserve banks, and not from the Loan Office—such disturbance of the reserve banks, however, would counteract the very aim which currency reform is wanted for—therefore the low tax of one and one-half per cent. Accommodation loans, on the other hand, being required by a bank only whenever its business transactions go beyond its means, should not be encouraged—therefore the higher tax of three per cent, and above.

THIRD, Emergency Loans.—If panic, or semi-panic prevails, or trouble of a *general* character, and if in consequence all banks are in strained conditions, the Loan Office has the means on hand to come to the rescue—in fact, it has the power to prevent *strained* money conditions from setting in at all. At such times the nine months limit will

be suspended, the tax will not rise over three per cent., and the national banks will be allowed to borrow from the Loan Office up to seventy-five per cent. of their holdings of Government bonds. These holdings were about 780 millions on February 4, 1918, so the total of crop notes issuable at panic times would come to seventy-five per cent. of this, or 547 millions—an amount large enough to bridge us over any monetary stringency.

To know when such extreme facilities are warranted, we have to consider that, while the demand for crop loans will emanate almost exclusively from the country banks, the demand for panic loans will emanate from different quarters—from the large banks of the reserve cities—for it is there, in the centres of trade and industry, that at panic times the shock is felt first. So the cue for the extreme measures should come from there, say, from the seven largest cities of the United States. Whenever the national banks of those cities have borrowed from the Loan Office up to three-fourths of the limit for accommodation loans, notice should be sent to all national banks stating that the emergency facilities go into force. After the panic the improving condition of those large banks should in turn give the cue for terminating the emergency facilities.

HOW THE CROP NOTES ARE TO BE SECURED.

Having shown, in the foregoing paragraphs, how readily the crop-note system can be made to adapt itself to the varying financial conditions, let us now consider how the crop notes are to be secured. Three methods are available:

Security-Point No. 1.—All advances made by the Loan Office are to rank as first liens upon the assets of the bank, and when making application for a loan, the bank has to send along a certificate agreeing to this. In a general way, we may take it that the crop notes will have two lines of assets behind them: first, the commercial paper or other paper values which

the bank receives when passing out those notes; second, the capital and surplus of the bank, so far as not invested in United States bonds (these bonds forming the security for the regular bank notes and, therefore, not being available for crop notes). This second line of assets amounted to 1278 millions on February 4, 1918, whereas the aggregate of crop loans could not rise above 547 millions, even at the severest panic, as shown above. On an average, therefore, the assets are amply sufficient to cover the crop notes.

Security-Point No. 2.—The taxes accruing from the crop notes should be held liable for any losses the Loan Office may sustain from the failure of national banks. If a defunct bank's assets are not sufficient to cover its borrowings from the Loan Office, the remainder should be charged against the tax-income, and only the balance of tax-income then remaining should, at the end of the year, be turned over to the Treasury as net proceeds.

Security-Point No. 3.—If neither the assets nor the proceeds from taxation should prove sufficient to cover the year's losses from bank failures, the balance must be charged, pro rata, to all such national banks as have been borrowing from the Loan Office in the course of the year, the deficiency being divided according to the amounts of the tax-bills rendered at the end of the year, and simply added to them. These deficiency charges, however, will subsequently be allowed for if next year, or later on, the tax proceeds should surpass the losses. As a matter of fact, therefore, such deficiency charges would merely be temporary. Any man at all conversant with the banking business will know that there will never be any necessity to enforce *Security-Point No. 3*, the aggregate of failures being quite small among the national banks.

Evidently, therefore, the above-described three security regulations will fully cover the ground. Though the crop notes are morally guaranteed by the Government, no loss can possibly result to the Government therefrom.

REDEMPTION OF THE NOTES.

Next in order we have to consider the redemption of the crop notes. Here, again, three important points appear.

Redemption-Point No. 1.—Crop notes should be considered as mere substitutes for bank notes and, therefore, redeemable in bank notes, not in coin or legal tender—otherwise they would properly necessitate a redemption fund, a legal-tender reserve, and considerable complication. Any national bank that applies for a crop-note loan should obligate itself to redeem these notes on request, if offered in small quantities. Naturally, the bank would not give its own notes in exchange (for which the holder could at once demand redemption in legal tender) but the notes of other banks. The crop notes should read that they are redeemable in bank notes, and that they are acceptable for all dues to the United States—the Government passing them out for payments of its own, the same as bank notes, after receiving them.

Redemption-Point No. 2.—Naturally, a national bank can return a loan to the Loan Office only after sufficient cash funds have accumulated in its possession. These funds accumulating in the bank's hands will consist partly of crop notes, but to a much larger extent of bank notes. The Loan Office will accept either kind in payment, with the result that it always has a supply of bank notes on hand, thus being in shape to redeem any crop notes presented to it for redemption. The bank, when preparing the return shipment, will not go to the trouble of gathering crop notes only, but will mostly send bank notes, especially its own, which will prevent these for a while from going to the Redemption Office at Washington.

In consequence, the crop notes will largely stay in the circulation, even if it should ever happen that the Loan Office had no loans out. No harm can result from this, neither from a financial nor from an economic aspect, for the aggregate of bank notes plus crop notes, out in circulation, would be the

same, whether the Loan Office had mixed notes on hand, or only crop notes.

Its holdings of bank notes, however, should not become excessive. To dispose of them, it may send either kind of notes to any national bank asking for a loan; if sending bank notes, these should be done up in packages containing assorted names, either of banks all over the country, or, if deemed preferable, of banks located in the district where the loan is going to. If the banks include legal-tender notes in their return shipments, these should at once be disposed of by the Loan Office, with the outgo of cash.

Will redemption be demanded before any loans are returned to the Loan Office—i. e., before the latter has a supply of bank notes on hand? Not very likely. And, if at all, only to a small amount. To provide for this possibility the Loan Office could readily make a temporary arrangement with some disbursing office to obtain a small supply of bank notes against crop notes.

Redemption-Point No. 3.—The Loan Office should be located not in Washington but in Chicago—in the center of the crop trade. Otherwise complications will occur in the process of redemption.

If under the present conditions a New York bank wishes to procure \$10,000 in legal tender, it expresses \$10,000 in assorted bank notes to the Redemption Office at Washington, and obtains \$10,000 legal tender notes from there in exchange. Were the Loan Office likewise located at Washington, the New York bank might send \$7,000 in bank notes and \$3,000 in crop notes (addressing the latter to the Loan Office with instructions to transfer \$3,000 in bank notes to the Redemption Office in exchange for the crop notes), and this would practically make the crop notes redeemable in legal tender—putting the Loan Office to constant embarrassment on account of the necessity of providing an adequate supply of bank notes. If, however, the New York bank will first have to express the

\$8,000 crop notes to Chicago, to get bank notes from there, and then express these bank notes to Washington to get legal tender from there, it will most likely leave this roundabout process alone, and will prefer to send \$10,000 in regular bank notes to Washington, the same as now, using the crop notes for making payments over the counter.

To locate the Loan Office outside of Washington may seem a trivial measure, but without it the crop-note system would not work. If in Washington, the redemption demands would become excessive; if in Chicago, they would become merely nominal, for nobody would have an interest in demanding redemption. If in Chicago, the Loan Office could follow entirely its own judgment (on the lines laid out in Redemption Point No. 2) as to the amount of bank notes that should remain in its charge. And the return of the crop notes to the issuing office would be effected simply by the return of the loans; i. e., in the proper, desirable way—not through the vexatious and entirely unnecessary process of unbridled redemption.

PROPOSALS DO NOT DISTURB EXISTING SYSTEM BUT MERELY SUPPLEMENT IT.

The foregoing pages show the details of the crop-note plan. If this plan were judged merely by its length, it might appear as being complicated and tedious; in its working, however, it is very simple. All that a national bank has to do to get a loan is to make application for it on one of the regular blanks containing first-lien and redemption clauses, and to return the loan later on in bank notes or crop notes, taking care to husband the loaning periods and not to extend them beyond nine months in the year. The other features of the plan work almost automatically.

It may be held that the plan only provides for additions to the present currency volume, the present volume being already too large, and needing contraction rather than expansion. Such reproach would be improper. Under the crop-note system not only the

volume of the crop-notes but also the volume of the bank notes will adjust itself to the real requirements of trade. We must not lose sight of the fact that the bank-note volume is not then subjected to the annual call for enlargement owing to the crop demands.

Something might be done, however, to facilitate expansion and contraction of our present bank-note volume; say by making it easier for the banks to acquire as well as to dispose of the Government bonds needed as security for bank notes. This could be done by making a bond convertible from two per cent. with bank-note privilege into three per cent. without the privilege, and vice-versa—on the request of a national bank. This subject is well understood and needs no enlargement here. Most likely, however, such conversion would not often be called for.

With such conversion privilege calculated to render the bank-note volume somewhat more flexible, in addition to the crop-note system which would readily respond even to the most exacting demands for cash, we would attain everything that reasonably can be expected of currency reform. And we would attain it in a manner far simpler and causing much less disturbance than would be possible under a more radical plan, such as would entirely overthrow our present methods—be it either a central bank or a district reserve association.

We often read of the great public responsibilities which (according to the view of certain moralists) the banks are said to be under, inasmuch as on them depends the country's currency volume, and that, therefore, they should not only have their own interests at heart, but the country's as well. Such views are out of place. The banks should look out for their own interests—and that is all they do. Under the crop-note system we neither need a central bank, nor a district reserve association, nor the cares and regards of the individual banks to provide for a healthy condition of our currency and to guard the country's welfare—the system does that.

Employees' Contest for Securing New Depositors

BY W. R. MOREHOUSE, ASSISTANT CASHIER GERMAN-AMERICAN TRUST
AND SAVINGS BANK, LOS ANGELES, CAL.

ON October 10, 1912, the German-American Trust and Savings Bank of Los Angeles, California, posted the following notice in its banking rooms:

BUSINESS GETTING CONTEST FOR EMPLOYEES.

Twelve Substantial Prizes Amounting to More Than Two Hundred Dollars—Contest to begin October 15 and to Run for Sixty Days.

The rules governing the contest are as follows:

Two points will be accredited to the employee securing the account of a person or firm, provided they have never had an account with the bank, and are opening an account solely upon the solicitation of the employee claiming the points.

Two points will be accredited to the employee who induces a former depositor whose account has been closed more than one year to return and reopen his account.

One point will be accredited to the employee who induces a former depositor whose account has been closed less than one year to return and reopen his account.

One point will be accredited to the employee securing the account of a customer who is not a depositor. This applies to customers having other business with the bank.

One point will be accredited to the employee securing the account of any person found in the bank corridors and who is not already a depositor.

No credit will be allowed where a depositor divides his account, making two accounts. This applies to those already having accounts with the bank.

The management of the bank reserves the right to disallow any claim when in its judgment said claim is not in accordance with the rules of the contest.

Women employees participating in the contest will be given a bonus credit of twenty per cent. over the men.

A record of the points made will be available for inspection during the contest. Mr. _____ in the New Account Department will keep a record of all points made, and if in doubt at any time as to credits, he will confer with the management.

No employee will receive more than one prize.

List of Prizes.

First prize, \$50 to employee getting the greatest number of accounts.

Second prize, \$40 to employee getting the largest total in deposits.

Third prize, \$30 to employee getting second largest number of accounts.

Fourth prize, \$25 to employee getting second largest total in deposits.

Fifth prize, \$20 to employee getting third largest number of accounts.

Sixth prize, \$15 to employee getting third largest total in deposits.

Seventh prize, \$10 to employee getting fourth largest number of accounts.

Eighth prize, \$8 to employee getting fourth largest total in deposits.

Ninth prize, \$6 to employee getting fifth largest number of accounts.

Tenth prize, \$5 to employee getting fifth largest total in deposits.

Eleventh prize, \$4 to employee getting sixth largest number of accounts.

Twelfth prize, \$3 to employee getting sixth largest total in deposits.

Your right to claim a point or points depends largely upon your individual honor.

We believe this contest will cause you to recommend this bank to your friends. We believe it will develop your business-getting ability.

Other contests will follow, provided this one is the success we anticipate.

EXECUTIVE COMMITTEE.

The writer introduced the contest, personally supervised it, consulted with the contestants from time to time, and kept a daily record; therefore vouches for the accuracy of the results as hereinafter tabulated.

PERSONAL WORK IMPERATIVE.

The employees' contest is of very recent origin. It has, however, passed the experimental stage, and can be depended upon to produce results that are almost phenomenal. In the opinion of the writer, it deserves first place in

RESULTS.

Number of new accounts secured.....	890
Total amount of new deposits.....	\$231,000.00
Number of accounts secured by employee winning first prize	135
Total amount of new deposits secured by employee winning second prize	\$39,457.71
Working days of the contest.....	53
Employees actively engaged	62
Cost of each account secured	28c.
Cost for each \$100 in new deposits.....	11c.
Cost for the contest	\$250.00
Value of business secured (conservatively estimated).....	\$5,340.00
Net profit	\$5,090.00
Number of accounts secured first day of contest.....	6
Number of accounts secured last day of contest.....	92
Net increase of last day over first day.....	86

Analysis of Accounts Secured.

Savings accounts, 790; commercial accounts, 100; total.....	890
Average in deposit for each account secured.....	\$259.00
Largest account secured during contest.....	\$30,000.00
Smallest account secured during contest	\$1.00
Number of accounts withdrawn during the contest.....	9
Number of accounts increased by additional deposit.....	225
Number of accounts reduced by withdrawals.....	90
Number of accounts remaining inactive	566

the list of successful plans for business-getting. It has definitely demonstrated that there are large possibilities for the bank that will utilize in the employees' contest the personal resources available in the employees.

Contrary to predictions made by skeptical observers, more accounts were secured the last day of the contest than the first; in fact, more the last day than the entire first week. This proves that the field for personal work in business-getting is inexhaustible, and that it grows in possibilities each day. The writer does not know of one instance where persons solicited for business intimated that they did not approve of the method used, while many solid business men spoke of the contest in very commendatory terms; and a few volunteered to assist their favorite employee, which was permissible, and which benefited the bank equally with the contestant.

A very remarkable circumstance connected with the contest was that the prize feature was soon overshadowed, and became secondary to a sense of personal pride in making the best record. Weekly bulletins were posted showing the progress of the contest, and were frequently referred to by enthusiastic contestants. Business-getting

is very contagious and soon infects all of the employees with the inspiration necessary to make the contest a success. Employees who had never been known to take an interest in personal effort and solicitation were numbered among the close contestants for first prize, consequently many excellent records were made.

A contest operates on the principle of an endless chain, inasmuch as the possibilities increase each day instead of diminishing. The employee begins by soliciting the accounts of his personal friends and business acquaintances. As they respond to these solicitations and manifest an interest in his success, the employee may then in a diplomatic way suggest that they commend his bank to their friends. In this way many accounts are secured without the direct effort of the employee which may rightfully be placed to his credit. When the large possibilities of the contest are once understood, it no longer appears an extraordinary accomplishment for one employee to secure as many as one hundred new accounts within a short period of time.

What relative of the contestant, once recognizing what an account means to him, will not only open an account for himself, but also make an effort to

secure the accounts of friends? What depositor, disinterested perhaps at first, will not readily be won over to the extent of bringing in and personally introducing his friends? What person having even a limited regard for the institution, would not recommend a friend to his bank when personally requested to do so, when his only sacrifice is the saying of a kind word? In substance what person is not appealed to when he finds a young man standing in a reciprocal attitude toward the bank that is daily helping him?

It is impracticable to institute a house-to-house canvass in order to secure accounts for a contest, as this practice might arouse suspicion and invite unfavorable comment on the method resorted to in order to get new business. In every detail contests should be operated on the highest possible plane, making the personal element the one factor by which the end is accomplished.

The main objection seems to be the question as to what becomes of a bank's dignity, and whether it is lowered or raised by the contest. Inasmuch as this depends entirely upon the character of the individual employee, it is unnecessary to discuss this further than to suggest that a competent person to instruct and advise the contestants how to secure desirable business is all that is required to completely cover the questionable point.

In fairness to competing banks, no employee should be encouraged to proselyte depositors of other institutions, or in making misstatements or promises which cannot be fulfilled. Depositors cannot, of course, be prevented altogether from shifting from one bank to another, but in the aggregate the number thus influenced by the contestants should not be large. The contest is not a steal, but a plan for pulling unsecured business by fair and legitimate methods.

NECESSARY FACTORS IN THE EMPLOYEES' CONTEST.

To get large results a bank must believe in personal solicitation by its em-

ployees; and it must also be willing to go further in having such faith in the success of the plan as to warrant it in setting the goal to be reached at hundreds of new depositors and thousands of dollars in new deposits. And why expect less? The great field of unsecured business is always accessible, and its millions of idle dollars susceptible to the personal appeal of the progressive bank. Soliciting this business through the employee is the most logical method, especially when under the direction and supervision of some competent official.

While it is essential that banking institutions preserve a well-balanced dignity, it is equally important that they be easy of approach. As a class banks are inclined to err on the side of being too dignified, and the officers too inaccessible, all of which is a hindrance to growth. Conditions are changing, however, and we find banks reaching out for new business as never before. For example, bank advertising is rapidly increasing. Why has this become proper? Simply because the conditions under which banks are now operating make it permissible and even advisable, if not actually necessary, to advertise, and to solicit new business in many ways. Banks have come to realize that the greatest success is only assured when they can so grip the field of unsecured business by every direct and indirect method that the new business comes naturally and spontaneously as a result.

Therefore, the demands are such that old ideas and practices must be discarded, if a reasonable proportion of the new business is to be secured.

After many years of supposedly practical banking we have discovered that there is a human side to a bank, and that stored up in the employees are personal resources which, when rightly directed, will prove a mighty pulling power for getting new business and conserving that already obtained. Progressive bankers are now giving less attention to the mechanical side, which has dominated banking for so many years, and in its place they are rapidly installing the more practical and recognizing as never before the value of the

"personal element." Banks that grow are keen in detecting the value of this important element, consequently they do not stop short of demanding that the official as well as the employee possess a personality that pulls business in an effective manner.

It was this same personal element that made the employees' contest spoken of tremendously successful. And still any bank can have an equally profitable contest if it will apply this same element.

What are the characteristics which make the "personal element" valuable to a bank? They are included under the subject of "personality," which is that factor in the make-up of men that compels the interest of others in them and what they do and stand for as soon as met. It is that element that even on slight acquaintance will command the attention and respect of men; that makes a man's very energy infectious, giving him an immense advantage over the man who has never comprehended the essential element so necessary in the business world to-day. It is a smile that spells cordiality and generosity; cordiality in cheerfulness and friendliness, and generosity in respecting both the rights and opinions of others. In substance, there must be the combination of a really alive and genuinely true man, with a manner cordial and friendly in every act and word, in order to constitute a really effective personality, the personality which will get business and conserve the business already obtained.

Some bank managers will find themselves sadly out of place in a contest where the foregoing view of affairs exists, where the "personal element" is given consideration. Not long ago a young man came to the writer seeking advice. The manager of the bank where he was employed had made the statement that all bookkeepers were simply so many machines having a certain work to do; they were told what to do and how to do it, and it was expected of them that they do it right. The statement was puzzling for a mo-

ment, and I was unable to answer intelligently without time for thought.

"Well, what do you think about it?" I asked, opportunely.

To my astonishment this young man told me he guessed his boss was about right. Such an admission, coming as it did from a person of more than ordinary intelligence, was evidence to me of the deadly effect of the manager's influence on the future ambitions of the young man. He was ruthlessly making slaves out of his bookkeepers, when he should have been drawing on their personal resources and otherwise developing them into a source of strength for getting business for the bank at the first opportunity.

RESULTS UNEQUALLED.

The writer will state without fear of contradiction that a properly managed employees' contest will bring more new depositors with a corresponding great total in deposits than any other method, and that it is not to be compared with any other on a basis of minimum costs. It will also develop within the contestants a tact for practical business getting that they will receive from no other source, a factor in the life of a bank that is not to be underestimated.

DECISION NECESSARY.

There are bankers who will be favorably impressed with what has been said about the employees' contest, and many of them will put the plan into operation without delay; while another class will procrastinate long enough to lose the inspiration, and consequently will miss an opportunity to materially increase their business. Action is imperative.

It is recommended that a contest such as described in this article be given a sixty-days trial. The first contest will serve as preliminary to something more permanent, and will give the bank manager an opportunity to improve the second by the experience gained by the first. In nearly every instance it will be necessary to add to or take from the

plan governing the first contest. Every effort may be expended to advantage in perfecting a plan that will be effective in getting the largest number of new depositors with a correspondingly large deposit. As noted in the foregoing, the time limit in the contest proved objectionable, as more accounts were opened the last day than the entire first week; and the prize feature was found secondary to personal pride, consequently it is reasonable that these features be given their proper place, and something more substantial substituted. Some permanent plan with fixed remuneration is necessary. It is also recommended that immediately following the preliminary contest, and as soon as a suitable permanent plan is arranged, that the same be put into effect within a week after the close of the first contest so as to keep the interest alive.

A plan as follows is suggested: The bank will pay \$1.00 for each account secured, provided the account is open six months from date of opening, and at least one additional deposit has been made in the interim. The payment of \$1.00 to be made at the end of the six-months' period.

This would insure bona fide accounts, and would also give the employee something to look forward to, with a bonus in addition to his salary every month after the first six months has elapsed. A simple plan like this could be enlarged upon by incorporating it in a system of remuneration for all employees, with additional pay for large accounts. The principle upon which the contest plan operates is identical in any event; and as to the amount of reward for the faithful employee, this can be determined by surrounding conditions, and the nature of the field of opportunities for business-getting.

Accounts secured through the employees' contest plan cost about twenty-eight cents each, which is less than one-tenth of the cost of securing them by other popular methods. By the employees' contest plan the bank may secure new deposits at a cost of eleven cents for over one hundred dollars. In short, it may be said that from the standpoint of economical business-getting, and in its beneficial influence in developing the powers of the bank's working staff, the employees' contest is without a rival.

Investigating the Co-operative Banking Systems

ROBERT I. WOODSIDE, president of the Farmers and Merchants Bank of Greenville, S. C., chairman of the committee on agricultural development and education of the South Carolina Bankers' Association, and chairman of the department of agriculture of the Greenville Chamber of Commerce, has been appointed by the South Carolina Bankers' Association as a member of the American Commission under the auspices of the Southern Commercial Congress which will visit Europe for the purpose of investigating the coöperative banking systems, rural coöperation, marketing societies, univer-

sities and colleges, legislation and laws, government departments, central banks, methods of farming, etc. Among the countries to be visited are Italy, Hungary, Russia, Balkan States, Austria, Germany, Denmark, Sweden, Switzerland, Belgium, Holland, France, England and Ireland.

The commission which sailed on April 26, has official power and influence given by authority of Congress, the President of United States, the Governors of the various States and the ambassadors of the several countries visited.

The New York Money Market and The New Canadian Gold Reserve

By H. M. P. ECKARDT.

NOTWITHSTANDING the long discussion of the new Canadian Bank Act, the bill finally left the House of Commons without any very important modifications or changes. The clauses providing for the creation of "the central gold reserves" to serve as a basis for issues of bank notes were passed practically as originally framed—the only change being that a paragraph was added stating that issues of notes covered by deposits in the gold reserve would not occasion any extra deposit in the five per cent. redemption fund.

As this Canadian plan for a new gold reserve promises to have a not inconsiderable effect on the New York money market, it will be worth while to explain the manner of its working. Subsection three of section sixty-one of the act says: "Except as hereinafter provided, the total amount of the notes of a bank in circulation at any time shall not exceed the aggregate of—— (a) the amount of the unimpaired paid-up capital of the bank; and (b) the amount of current gold coin and of Dominion notes held for the bank in the central gold reserves hereinafter mentioned."

The phrase "except as hereinafter mentioned" refers to the excess issues, during the crop-moving season—from August 31 to February 28—authorized by the amendment of 1908. That amendment gave the banks the right to issue in excess of paid-up capital, during the period of six months just referred to, up to fifteen per cent. of capital and surplus combined, subject to tax at five per cent. Under the new act this privilege remains.

On and after July 1, 1913, when the new law becomes effective, the banks will have; first, the right of issue against general assets and free of tax, up to the amount of paid-up capi-

tal; second in excess of paid-up capital up to any amount of gold or Dominion notes which they may pledge with the trustees of the central gold reserves (this is also free of tax); and finally there is the right to issue in excess capital up to fifteen per cent. of capital and surplus during crop moving, subject to five per cent. tax.

It is generally supposed that the banks will have recourse extensively to the issues against gold. When the Western harvest comes on the market at the beginning of September, they will have the option of issuing against gold or of issuing the taxed notes. When money is tight and discount rates are high, probably there will be considerable inducement to use the taxed currency; but when money market conditions are normal the disposition will probably be to utilize the New York call loans to provide gold for deposit with the trustees in Montreal. Thus, if a Canadian bank had \$5,000,000 at call in New York, it could call in the loans, ship the gold to Montreal, and increase its note issues by that extent. Of course, it would not do so unless the demand for its notes existed; and in paying them out it would be acquiring sight drafts and bills receivable based on grain in transit or in elevators.

At first sight it might appear that there would be no profit for the banks in thus issuing notes against an equal amount of gold. But in case of a strong bank which habitually carries a strong reserve it would be possible to take part of its reserve and lodge it with the trustees in the season of extra demand, thus letting its percentage of reserve drop temporarily—the weakness might be more apparent than real, since the increase of liabilities would be accompanied by an increase of holdings of grain drafts and grain loans.

Last year the bank-note circulation

in Canada expanded \$19,600,000 between July 31 and the high point in the fall; in 1911 the expansion was \$16,800,000. And in both of those years the demand for currency was supplied in part by the use of Dominion Government notes (the chartered banks having reached the limit of ordinary issue and some of them preferring not to use the taxed issues extensively). So in 1912, \$5,700,000 Dominion notes (small denominations) were required in addition to the \$19,600,000 bank-note expansion, and in 1911, \$8,800,000 Dominion notes were called into play. All told, that made an increase of bank and Dominion notes in circulation in 1912 of \$25,300,000, and in 1911 of \$20,100,000. In other words, the currency required to be increased to that extent in the fall.

Assuming that the bank-note circulation rises \$8,000,000 between April 30 and July 31 this year, the banks would then have a margin of ordinary issue power of say \$6,000,000. They would be faced with the necessity of increasing the currency supply by perhaps \$24,000,000 or \$25,000,000. Last year they used up their ordinary margin and then circulated Dominion notes and issued their own taxed notes. This year it will be possible to bring in gold from New York and issue against that. Possibly some of the banks will circulate Dominion notes as heretofore, and others may use the taxed notes. But it can be seen that if they were to have recourse generally to the gold-secured notes, there would be an indicated issue against gold of \$18,000,000 or \$19,000,000, the greater part of which would be imported from New York. We might, therefore, say that \$18,000,000 represents the maximum of the possible gold movement to Montreal under present conditions. This maximum or possible requirement would perhaps tend to increase from year to year as the Western Canadian crop developed. However, the probable requirement in 1913 will be considerably less, as money is tight and rates are high in Canada, increasing the inducement for the banks to use

the taxed issues. And if New York call loans rule from six or seven per cent. upwards in the fall, there would perhaps be a profit for the Canadian banks in letting the New York loans run undisturbed and using taxed notes at home.

So, perhaps, a movement of \$5,000,000 or \$10,000,000 might be seen this fall if conditions favor it. This movement, if it occurs, would set in just about the time the regular movement of currency from New York to the interior was in effect. And if it reaches a heavy volume it would have a tendency to increase the difficulties of the New York market.

Then it is to be remembered that after the extra issues of bank-notes were redeemed in the ordinary course, early in January, the Canadian banks would find the gold, which had served as security therefor, back on their hands. As there would be no employment for it in Canada for six months, the disposition of the bankers would be to send it back to New York to earn a little revenue. This return flow from Canada would coincide with the return flow of currency from the interior.

Altogether it seems likely that when New York cannot well spare the gold for Canada in the fall, there will be more of a tendency for call loan rates in Wall Street to advance to such a point as would make it profitable for the Canadian banks to issue notes subject to tax, and refrain from calling home funds from New York.

The Teller's Tale

RECEIVING TELLER.

'Tis more blessed to give than to receive.

PAYING TELLER.

All goin' out and nothin' comin' in—and still it is a paying business.—*Number Forty.*

The Growth of the Statement System

BY C. P. FENNER OF THE BURROUGHS ADDING MACHINE COMPANY.

IT is interesting to note some of the recent developments in bank accounting and to know that banks are progressing in this respect, to keep pace with their growing business and the demands and desires of their customers. Many of the ideas that are now being worked out are made possible only because of the mechanical aids that have become a necessity in the business life of to-day.

One of the things which has come much in vogue in the past few years is the depositors' or customers' statement—"city statement" as the bank calls it. This is used as a substitute for balancing pass-books and has many advantages for both bank and customer.

As deposits are made and checks drawn against them, both bank and depositor should keep records of the amount of money to the credit of the account—the bank, in order that the account may not be over-drawn, or, in other words, that a larger amount may not be paid out than the customer has to his credit—and the customer, so that he may know at any time what the amount of his balance is. As either one is apt to make a mistake, a comparison of each of their records of the account should be made at regular intervals in order that any discrepancies may be discovered and the error rectified. This object has been attained in the past by the customer taking his pass-book to the bank, where all the deposits which have been entered in it, from time to time, are added together. A list of his checks which have been honored is then made, and the total entered on the credit side of the book and the balance shown. The book is then ruled up, the new balance brought forward and it is then ready for return to the owner, together with the cancelled checks or vouchers, accompanied by the list.

The balance shown by the bank is rarely the true balance as on account

of any degree of activity there is almost sure to be a number of "outstanding" checks, which are those which have been issued by the depositor, but, not yet having been honored by the bank, they naturally cannot yet be charged to the customer's account.

By comparing the returned cancelled checks with the stubs of those issued one can identify those which have not yet been presented for payment, and by adding the total of these to the balance as shown by his record, a balance with the amount shown by the bank should be arrived at.

The above method served well enough in former times when the business was smaller and when the present demand for "something better" was not so imperative as now, but with the increase of business there have come also increases in other ways—demands for quicker methods—increased possibilities for fraudulent manipulation of bank accounts—greater necessity for more secure methods, etc.

Everyone knows that many young men have gone wrong because temptation was placed in their way. Their wrong-doing begins in many cases with the thought to "borrow" some of the banks funds, to be returned when the profits from the venture are realized.

In banks there are accounts which are inactive for considerable periods, this becomes possible unless the pass-books are brought in at frequent intervals for balancing. Every banker knows how difficult it is to have this done—it is indeed impossible. Making the depositor's statement eliminates all danger from this source from practical consideration, as the system contemplates a daily comparison of balances of the corresponding accounts on the ledger. Thus not only wilful manipulation is prevented but innocent mistakes are detected and corrected before there is any chance for loss. Some banks have actually suffered under the

old system and others have seen where loss would be possible and the improved system followed naturally.

While its advocates do not claim for it perfection, it is believed to be the nearest approach that has yet been attained.

From the bank's standpoint perhaps the most important advantage is that by means of securing a periodical audit of each account by the depositor himself, the danger of detection would be sufficient to deter an employee from taking a false step. In this way, too, unintentional errors are detected which might cause the bank loss, as will be explained further on. Since the work is done by different persons at different times, it is almost an impossibility for each to make the same error and any manipulation of the accounts would necessitate collusion between too employees. When the work is switched occasionally to other employees the possibility of wrong-doing is eliminated.

Another thing which is regarded with much favor by those using the system is that it entirely eliminates the congestion in the individual books department on the first of the month, due to the depositors bringing in their pass-books at that time for balancing. As the statements are worked up day by day, during the month, the last day carries no heavier burden than any other and if a depositor comes in, in a hurry at any time and wants a statement of his account, there would never be more than one day's work to add to what was already done.

As previously explained, posting to the wrong account is detected when a comparison of the statements is made with the individual books and if, by the merest chance, it should escape that test, it has to undergo another audit when the depositor receives his statement.

The matter of posting a wrong amount, or to a wrong account, is a somewhat serious one for a bank as it may occasion loss. If too much credit, or not enough debit appears on any particular account the depositor may come in and draw out the whole amount and

disappear, the bank losing the amount of the difference between what he received and what he should have received. Too much debit, or not enough credit, might cause the bank to dishonor a check that was perfectly good and thereby render itself liable to a suit for damage, so that this is a real danger and not an imaginary one, and one or both of these experiences almost all banks have had which have been in business for any considerable length of time.

Last, but perhaps not least, in the advantage to the bank, is the lack of accumulation of old vouchers in the bank's files. When statements are made periodically, the depositors are requested to call for them at stated times and most of them do so. To those who do not, are sent the statements with the cancelled vouchers and in this way the bank absolves itself of the responsibility of any errors which may have been made, unless reported within a reasonable length of time, and also relieves itself of the care of the old vouchers which it does not dare throw away or destroy as they are the only evidence they have that they have paid out the money they represent.

Only a short time ago one banker informed the writer that they had cancelled checks in their files eighteen years old and many others less patriarchal.

Some weeks ago the cashier of a comparatively small bank in one of our provincial cities informed the writer that he had told his bookkeeper about a week before that a certain account which had not been active for nearly ten years would have to be transferred to what he called their "suspense" ledger. The amount of the balance was between seven and eight dollars and the old vouchers still in the bank. The man had moved away years before and they didn't know where he was or where to communicate with him. The transfer of the account was duly made in the morning and the very same afternoon the man came in to draw the account. Doubtless many incidents similar to this could be related.

The advantages to the depositor are so obvious that it hardly seems necessary to dilate on them to any extent. The bookkeeper of a commercial concern would most certainly welcome the receipt from the bank on the first day of the month of a statement showing the date and amount of each deposit made by the concern and a detailed list of all the checks honored and the date each one was paid. In this system the only use of the pass-book is to enter the deposits as they are made, thus serving as a receipt for the money deposited.

As compared with this, under the old system the bookkeeper has to remember to take the pass-book to the bank on the first of the month and then wait from one to three days before he can get it back. In the meanwhile he is unable to verify his account with the bank until he sees the balance of the account as the bank shows it. This delay is annoying and should he neglect to take the book on the first he would be even later receiving it. In the press of other matters at the first of the month he is apt to forget this detail.

Again, if his pass-book should be lost, with it goes his original record of all the bank transactions recorded in it, whereas the statement goes into his files, and each month is independent of the other.

Another feature which appeals to many a careful business man is that the receipt of the statement makes it necessary to leave the pass-book with the bank. Of course, we trust our bank and should do so, or seek another one we can trust, and yet it hardly seems like good business to leave with the bank for some days the only receipt we have for deposits we have made. We know the attitude of the bank itself towards dishonesty, but dishonesty among employees is occasionally discovered and temptation may make a dishonest man of one of probity, and while the depositor in the end may not suffer pecuniary loss, still the possibility is there and were there any irregularities there would at best be a

long-drawn out and disagreeable argument, fraught with danger of rupture and loss of confidence by both sides—all of which might mean, eventually, a greater loss than the amount of money involved.

In Chicago the statement idea has been almost universally adopted by the banks while in many other communities it is becoming commonly used as bank officials learn the many advantages to both their depositors and their institutions.

Our Annual Ash-Heap

IN the recent annual report of Superintendent Emmett of the New York Insurance Department it is estimated that the "Ash-heap" of this country and Canada accumulated in 1912 represented a fire loss of about \$225,000,000. "The annual ash-heap of the country," he says, "can be reduced to much smaller dimensions than at present, within a reasonable time, with even a partial elimination of arson insurance, so-called, with stricter building laws rigidly enforced, and with the means of fire defense in all communities brought up to the most efficient standard possible."

Proving the Daily Business

CLARKSVILLE, TENN., May 22, 1913.

Editor Bankers Magazine:

SIR: Through your columns possibly you can bring us in touch with some bank of our size which has successfully devised a plan for proving the daily business without making a "hopper" of the cash-book. We believe this is something that would interest a great many banks over the country, as we find many of them experience the same trouble in proving their cash at the close of the day's business.

Very truly yours,

C. W. BAILEY,

Cashier First National Bank.

Doubtless some of our readers will be glad to answer Mr. Bailey's request for information.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

Recent Decisions of Interest to Bankers

Mortgage Note

WHEN NOT NEGOTIABLE—NEGOTIABLE INSTRUMENTS LAW.

Supreme Court of Washington, April 5, 1913.

QUAST VS. RUGGLES.

Under the provisions of the Negotiable Instruments Law a note providing that the makers thereof promise to pay to the payee named a specified sum, with interest at a specified rate, evidenced by interest notes, and that, if default be made in the payment of any of the notes as they mature, the whole amount shall become due, and the mortgagee, his representatives, or assigns may collect the note and foreclose the mortgage, etc., is not negotiable because it is not payable to order or bearer, and because it does not contain language indicating an intention to make it so payable; a transfer by assignment not being equivalent to an indorsement.

While it is not necessary to use the words "order" or "bearer," yet the words used must show a clear intent to make the instrument so payable.

THIS was an action upon a note in the following form:

"On the first of November, 1920, for value received, we promise to pay to M. L. Bevis the principal sum of \$1,200 (twelve hundred dollars), with interest thereon at the rate of seven per cent. per year, from the date thereof until maturity, payable annually according to the tenor of nine interest notes, each for \$84 and one (1) for \$80.97, bearing even date herewith; both principal and interest notes payable at the office of Bevis Bros., Spokane, Wash. (with exchange on New York). And if default be made in payment of any of said notes so secured, or any part of them, as the same mature, for the space of thirty days, or if the maker of this note and interest notes attached hereto shall allow the taxes or any other public rates and assessments on the property, or

any part thereof, given as security for the aforesaid notes to become delinquent, or in case any taxes or assessments shall be levied against the holder of this note on account of this note, or shall do any act whereby the value of said mortgaged property shall be impaired, then, upon the happening of any of said contingencies, the whole amount herein secured shall at once become due and payable, and the mortgagee, his legal representatives or assigns may proceed at once to collect this note and foreclose the mortgage given to secure said note and sell the mortgaged property, or so much thereof as shall be necessary to satisfy said debt, interest and costs and all taxes, public rates, or assessments that may be due thereon, together with a reasonable attorney's fee, if suit be commenced for the purpose of collecting this debt or foreclosing the mortgage securing said debt, and also said taxes, public rates, and assessments, and costs incurred by the mortgagee, his representatives or assigns, shall be secured by mortgage, and also in judgment in such foreclosure case. It is expressly agreed and declared that these notes are made and executed under and are in all respects to be construed by the laws of the state of Washington, and are secured by mortgage of even date herewith, duly recorded in Lincoln county of the state of Washington. This note bears interest at the rate of ten per cent. per year, payable yearly after maturity. The makers of this note have the option of paying it any time the interest matures on and after November 1st, 1910. Dated at Spokane, state of Washington, on the 14th day of November, 1910. Jacob Quast, Jr., Tena Quast."

MORRIS, J.: The sections of the negotiable instrument law controlling

are section 3392, Rem. & Bal., providing that an instrument to be negotiable "(4) must be payable to order or bearer," and section 3401: "The instrument need not follow the language of the act but any terms are sufficient which clearly indicate an intention to conform to the requirements hereof." The instrument clearly is not payable "to order or to bearer," and must for this reason be held non-negotiable, unless we can find in it some language that under section 3401 "clearly indicates an intention" to make it so payable. Appellant contends this language is supplied in the provision accelerating the time of payment on the happening of certain contingencies, and providing in such case "the mortgagee, his legal representatives or assigns, may proceed at once to collect," and the subsequent provision as to payment of taxes and costs by "his representatives or assigns." The mortgage also refers to "party of the second part, his successors or assigns." The word "assigns," as used in the note and mortgage, does not refer to the payee of the note but to the mortgagee, and indicates nothing more than that the mortgage may be transferred by assignment. The transfer of an instrument by assignment is not the equivalent of its transfer by indorsement.

As interpreting section 3392, the provisions of section 3401 clearly refer to words of indorsement and not words of assignment, and mean that, in order to make the instrument conform to the requirement of section 3392, it is not necessary to use the words "order or bearer," but other apt words showing a clear intent to make the instrument so payable will be sufficient. This is the general rule adopted by all courts in construing this requirement of the negotiable instrument law. (*Zander vs. N. Y. Security Trust Co.*, 39 Misc. Rep. 98, 78 N. Y. Supp. 900, affirmed on appeal in 81 App. Div. 635, 81 N. Y. Supp. 1151.)

The promise to pay in this case was to "Caroline Zander or her assigns," a stronger expression of intent than the

one found in the note before us. The court, however, seemed to consider the matter so plain that the mere statement of its ruling was deemed sufficient, and the appellate court with like certainty did not regard the question as open to discussion, but affirmed on opinion of court below. Other supporting cases, all referring to the necessity of the use of the words "order or bearer" or words of like import, are *Fulton vs. Varney*, 117 App. Div. 572, 102 N. Y. Supp. 608; *Wettlauffer vs. Baxter*, 137 Ky. 362, 125 S. W. 741, 26 L. R. A. (N. S.) 804; *Gilley vs. Harrell*, 118 Tenn. 115, 101 S. W. 424; *Westberg vs. Chicago Lumber & Coal Co.*, 117 Wis. 589, 94 N. W. 572.

Cashier

"I. O. U." SIGNED BY—WHO LIABLE ON.
District Court of Appeal, First District,
California, Feb. 13, 1913.

CROWALL VS. PACIFIC SURETY COMPANY.

A written contract in the form of an I. O. U., signed by the cashier with the addition of the word "cashier" to his signature, and containing no words showing that it was made on behalf of the bank, is the personal obligation of the cashier and not that of the bank.

THIS action was brought upon a writing in the following form: "Bakersfield, Mar. 29-07. I. O. U. One thousand dollars on completion of sale of lots 3 and 4 in block 273 in city of Bakersfield. R. McDonald, Cashier."

Judgment below was for the defendant, and the plaintiff appealed.

JAMES, J. (Omitting part of the opinion). It is the contention of respondent that the contract upon which plaintiff sued was the contract of the Kern Valley Bank and not the personal contract of defendant. This view seems to have been adopted by the trial judge, hence his ruling granting the motion for judgment of nonsuit.

[1]. In reviewing that judgment we need only suggest the rule, for it is

too well established and settled to require support by citation of authority that, if any reasonable construction may be given to the testimony introduced on behalf of the plaintiff which will sustain the cause of action alleged in his complaint, that construction is the one which must be adopted.

[2]. The written contract or memorandum in the form of an "I. O. U." cannot be said to evidence a contract of the Kern Valley Bank when it is examined alone and for what it shows upon its face. Where in the body of an instrument no words appear which serve to define the agreement as being made on behalf of a party other than he whose signature is attached thereto, it will not be deemed to be the contract of another party, even though there may appear after the appended signature of the individual, qualifying or descriptive words, such as "president," "secretary," or, as here, "cashier."

Checks

DRAWN BY CORPORATION—AUTHORITY OF OFFICER—LIABILITY OF BANK.

United States Circuit Court of Appeals,
Second Circuit, March 31, 1913.

**THE HAVANA CENTRAL RAILROAD COMPANY VS.
THE CENTRAL TRUST COMPANY.**

The mere fact that the check of a corporation is drawn to the order of the officer signing it does not require the bank to ascertain that he is not using the funds of the corporation improperly.

But if the bank has knowledge that the officer is using the check for his personal benefit, as for instance, to pay his debt to the bank, it pays the same at his peril.

The doctrine of agency between a bank and its depositor, as laid down by the New York Court of Appeals in *Havana Central Railroad Company vs. Knickerbocker Trust Company* (198 N. Y. 422), examined and disapproved.

active, further deposits were made and checks were drawn upon it signed "Havana Central Railroad Company, C. W. Van Voorhis, Treas." Among the checks so drawn and signed were three upon which this action is based. These checks were for \$26,461.81, \$21,944.55 and \$15,000, respectively, and were payable to W. M. Greenwood or C. W. Van Voorhis. They were indorsed by Van Voorhis and not by Greenwood; were deposited in the individual account of the former in the Knickerbocker Trust Company; were presented by that company to the defendant and were paid by it. Van Voorhis had no right to such checks and his acts in drawing them amounted to a criminal misappropriation of funds. The action was based upon an alleged breach of duty upon the part of the defendant in paying the checks.

NOYES, C. J. (Omitting part of the opinion): The relation existing between a bank and its customers growing out of the general deposit and the withdrawal of moneys is that of debtor and creditor, and the courts, both in England and in America, have uniformly resisted all efforts to hold the bank as trustee, *quasi* trustee, factor or agent. (1 Morse on Banks and Banking, 4th ed., sec. 289). The parties deal at arms' length. This is true with respect to the nature of the deposit. It is well settled that all sums paid into a bank by different depositors form one blended fund, and that the depositor has only a debt owing to him by the bank and not a right to any specific moneys. So, on the other hand, when the deposit is made, nothing short of payment will discharge the bank; the loss of the specific moneys deposited is immaterial. And in respect of the payment of checks it is the duty of the bank when a properly drawn check is presented to pay it if there are sufficient available funds. But the bank does not make payment because it is the trustee or agent of the depositor. It makes it to discharge *pro tanto* the simple debt which it owes the depositor who, by his check, gives acquaintance for it. When a corporation opens a

ON February 23, 1906, C. W. Van Voorhis, treasurer of the plaintiff, the Havana Central Railroad Company, opened a deposit account in its name with the defendant, the Central Trust Company. The account became

deposit account with a bank the latter must be satisfied that the officer signing checks is authorized to do so, and if it pay without question it takes the risk of being held still liable for the amount irregularly paid away. But the bank assures itself of the authority of the corporate officers for its own protection in discharging its indebtedness to the depositor and not as the agent of the latter. We think that it is not correct to say that a depositary bank is the agent of the depositor to determine whether a check drawn conforms to the contract between them. It rather determines the question at its peril.

Not accepting, then, the proposition that the obligation of the defendant bank to the plaintiff was that of an agent, and looking at the case without regard to the previous litigation, we come to the inquiry whether, upon the facts and circumstances of this case, the defendant was put upon inquiry by the checks in question. So far as this defendant was concerned there was nothing suspicious about the checks except that they were drawn by the general fiscal officer to his own order and were indorsed by him; other similar checks had been drawn and paid before.

The defendant did not know the history of the checks. It did not have the knowledge of the Knickerbocker Company that the treasurer was using the checks for his personal benefit. That which it knew was that which appeared on the checks themselves when presented for payment. It appeared that the treasurer might have been guilty of a breach of trust and have been attempting to misappropriate the moneys of his corporation.

On the other hand, there might have been no breach of trust. The checks might have been drawn in favor of the treasurer for entirely legitimate corporate purposes. Transactions were disclosed which might or might not have been breaches of trust, according to circumstances unknown to the defendant. In such circumstances we think that it was not the duty of the defend-

ant to question the checks, and that the language of Judge Hammond in *Walker vs. Manhattan Bank* (25 Feb., 247, 255), upon an analogous subject, is applicable:

"At all events the bailee must know that the contemplated appropriation is a breach of trust, not merely that a certain transaction is about to be consummated, which may or may not be a breach of trust, according to circumstances unknown to him."

It must be observed that we are far from holding that a bank is free under all circumstances to pay without question checks drawn by corporate officers to their own order.

While a bank may deal with its depositors at arm's length, it must take care to pay out their moneys only upon authorized orders. If it fail to use due care it may be required to pay again. Consequently, while in case of a corporate check signed by an officer with express or implied authority, the mere fact that it is drawn to his own order and therefore may be improperly used will not require the bank to question it.

But if the bank have knowledge that the officer is using the check for his personal benefit, e. g., to pay his debt to the bank or to deposit it to his personal credit, then the bank is put upon inquiry and, if it fail to make it, pays at its peril. But the bank owes this obligation not because it is the representative of the depositor, but because it has no right to discharge its debts to its depositors except on their authorized orders, and a check misused by a corporate officer cannot be regarded by a bank having notice of its misuse as an authorized order.

It must also be observed from another point of view, that to relieve a bank from questioning the validity of checks in the form under consideration works no real injustice to corporation depositors. Corporations may protect themselves by requiring counter-signatures, provided they notify the bank of the requirement. If they do not choose to do so, it may fairly be presumed that they prefer the risk to the inconven-

ience. In such circumstances it is not unfair to the depositor to say that if the bank have notice or knowledge of wrongdoing it must make inquiry, but that if nothing wrong in the history of a check is brought to its attention, it is not called upon to inquire about it; that a bank is not bound to question every corporate check, regardless of amount—and manifestly no line can be drawn—merely because it is drawn by a corporate officer to his own order.

For these reasons we think that, as a matter of law upon the undisputed facts, the defendant was not put upon inquiry by the face, form and contents of the checks, and that the trial court, in submitting the question to the jury, gave the plaintiff more favorable instructions than it was entitled to. This conclusion disposes of the principal question in the case and renders unnecessary the consideration of the subsidiary questions relating to the defendant's duty if put upon inquiry and to the plaintiff's negligence.

Savings Banks

PASS-BOOK—FAILURE TO PRODUCE—BOND OF INDEMNITY.

Court of Appeals of New York March 6, 1913.

HENRY J. MEIRKE AS ADMINISTRATOR, ETC., VS. JEFFERSON COUNTY SAVINGS BANK.

The relation between a savings bank and its depositor is that of debtor and creditor. In an action by a depositor against the bank to recover a deposit represented by a lost pass book the complaint need not allege its loss or facts tending to excuse its non-production. Non-presentation of the pass book is matter of defense.

The requirement of the by-laws of a bank that notice to it in writing should be given of the loss of a pass book is waived by its failure to require the formality of a written notice on being promptly and repeatedly informed verbally of the loss of the book.

In the absence of any by-law of a savings bank requiring a bond of indemnity before paying a deposit represented by a lost pass book, the refusal of a depositor to furnish such a bond is no defense to his action to recover the deposit.

WILHELMINA MIERKE, at the time of her death, had money on deposit in the Jefferson County Savings Bank. Her husband, who was appointed administrator, was unable to find the pass-book, notified the officers of the bank to that effect, and demanded payment of the deposit. This the bank refused, unless the plaintiff should give a bond of indemnity. This the plaintiff did not do, but instead brought this action. At the trial, the complaint was held to be fatally defective because it did not allege the loss of the pass-book or any facts tending to excuse its non-production and presentation, and that the proof did not show any excuse for its non-production. The judgment entered upon this decision was affirmed at the Appellate Division by a divided court.

WERNER, J. (Omitting part of the opinion): The Banking Law (Consolidated Laws, chap. 2) contains many provisions for the regulation of savings banks. Section 143 provides that the sums deposited shall be repaid to depositors or their legal representatives in such manner and "after such previous notice, and under such regulations, as the board of trustees shall prescribe. Such regulations shall be posted in a conspicuous place in the room where the business of the corporation shall be transacted, and shall be printed in the pass books." Section 152, so far as material, provides that no check of a depositor shall be paid "unless the pass book of the depositor be produced. * * * The board of trustees may, by their bylaws, provide for making payments in cases of loss of pass book, or other exceptional cases where the pass book cannot be produced without loss or serious inconvenience to depositors."

In pursuance of these statutory provisions the defendant's board of trustees adopted by-laws which were regularly printed in its pass books and posted in its banking room. Among other provisions, these by-laws provided: "This bank will, as a rule, pay all deposits on demand, yet it reserves the right to require ninety days' notice

at its office of intention to withdraw deposits, the intent of this rule being solely to protect the bank and its depositors in time of public excitement and danger." "No money can be withdrawn or deposited except on production of the pass book." "In case a pass book shall be lost immediate notice shall be given to the bank *in writing*, when payment upon such book will be stopped."

The by-laws providing for ninety days' notice of intention to withdraw presents no obstacles to the plaintiff's recovery, as the bank never indicated its intention to require any such notice. Nor does the by-law requiring written notice in case of the loss of pass book avail the defendant. The proof here clearly discloses that while the bank was promptly and repeatedly informed of the loss of the pass book, it never intimated any desire for written notice, but, on the contrary, based its refusal to pay squarely on the ground that the plaintiff must give a bond of indemnity.

We have, therefore, to decide whether the failure to produce the pass book under the circumstances disclosed by the record warranted the refusal to pay. The statute and the banks by-laws provide that the book must be presented. The statute further provides that the bank may adopt by-laws to provide for a case in which the pass book has been lost. The defendant's trustees have adopted no by-law providing for such a case, except that it would require notice in writing. While the plaintiff gave no written notice, the defendant did not complain of that informality, and this requirement was clearly waived.

No request was made of the plaintiff for further evidence of the loss of the book or of the circumstances surrounding its disappearance, and the question whether the plaintiff has given satisfactory evidence of the circumstances by affidavit or otherwise does not arise here, as it did in the case of *Warhus vs. Bowery Savings Bank* (21 N. Y., 543), where the plaintiff refused to comply with the defendant's reasonable

request for satisfactory evidence of the loss.

In the case at bar the refusal to pay is based solely on the ground that the bank was entitled to a bond of indemnity. There is nothing in its by-laws entitling it to insist upon such a condition, and in the absence of such a provision we do not think it was justified in resisting the plaintiff's claim on that ground.

Whether a by-law requiring a depositor or his legal representatives to give a bond can be regarded as a reasonable condition is a question we are not now called upon to decide. All that we decide in the present case is that the plaintiff alleged and proved all the facts necessary under the circumstances to make out a good cause of action (*Zander vs. N. Y. Security & Trust Co.*, 178 N. Y., 208).

The judgment should be reversed and a new trial granted, with costs to abide the event.

Trust Company

LIABILITY OF STOCKHOLDERS—ACTION TO ENFORCE.

Court of Appeals of New York, April 1, 1913.

GEORGE C. VAN TUYL, JR., vs. AUGUST C. SCHARMANN ET AL.

Under the Banking Law of New York the superintendent of banks has authority to institute an action in his official capacity to enforce the personal liability of the stockholders.

This authority is not limited by any of the provisions in the Stock Corporation Law, nor is it material that the corporation has not been dissolved by judgment of the court.

The trust company itself is not a necessary party to such an action.

THIS action was brought by the Superintendent of Banks of the State of New York to enforce the liability of the defendants as stockholders of the Lafayette Trust Company.

HOGAN, J. (Omitting part of the opinion): In *Matter of Union Bank of Brooklyn* (204 N. Y. 818, 816) Judge

Werner, construing the act of 1908, wrote: "The events which led to its enactment are familiar history of which we may take judicial notice. The financial depression of 1907, and the resulting embarrassment of many banks, culminated in a series of receiverships in which the demands for commissions and counsel fees were so extravagant as to arouse an instant popular demand for reform. To that end the Superintendent of Banks was by statute invested with the powers which had previously been exercised by receivers appointed by the courts. * * * The statutory enumeration of the Superintendent's duties * * * indicates the legislative intent to transfer to the superintendent the general duties and functions which had theretofore been exercised by receivers."

The statute of 1908 expressly repealed all acts and parts of acts inconsistent therewith, and in unmistakable language conferred authority upon the Superintendent of Banks, if necessary to pay the debts and liabilities of a trust company, to institute action in his official capacity to enforce the liability imposed upon the stockholders thereof by section 196 of the Banking Law, unhampered by any limitations contained in the Stock Corporation Law or the fact that the charter of the company had not been dissolved by judgment of the court. The scheme of the statute was to provide a procedure for the liquidation of delinquent corporations through a department of the State for the benefit of creditors, which would be economic and speedy. The same general plan prevails in the liquidation of national banks by the Comptroller of the Currency, and the relief sought by the complaint in this action is similar to the relief which was theretofore obtained in proceedings authorized to be taken against stockholders of bank corporations to enforce the liability imposed upon them by article 8, section 7, Constitution of 1846 (Laws of 1849, chapter 226; Banking Law of 1882, chapter 409, article 6), and which was sustained by

this court in *Matter of Empire City Bank* (18 N. Y. 199).

In the examination of the questions involved in this appeal we have not deemed it necessary to refer to the liability imposed upon stockholders by the Constitution of 1894 (Article 8, section 7), neither have we overlooked the decisions of this court, called to our attention by the learned counsel for appellants. The cases upon which stress was laid by him were decided before the passage of the act of 1908.

Damages

WRONGFUL REFUSAL TO PAY CHECK— EXEMPLARY DAMAGES—WHEN RE- COVERABLE.

Supreme Court of Kansas, April 12, 1913.

WINKLER VS. CITIZENS STATE BANK OF GEUDA
SPRINGS.

In an action to recover damages for the wrongful refusal of a bank to pay a check, the depositor is not entitled to recover exemplary damages unless the bank was guilty of fraud, malice, gross negligence or oppression in so doing.

THIS action was brought to recover for the alleged wrongful refusal of the bank to pay this check of the plaintiff.

At the close of the evidence the court gave the following instructions relative to the damages recoverable:

"If you should find for the plaintiff, in addition to the amount that you find he is entitled to recover because of the money deposited in the bank, you should also find the amount, if any, of the actual damages he has sustained, if any, by reason of the failure and refusal of the bank to pay over the money on said check. And in determining what his actual or general damages are you may take into consideration the evidence of what expense he has been put to, caused by said refusal, what damage, if any, it has been to his standing and credit as a business man, what he has been compelled to pay for attorney's fees and otherwise in connection with

looking after the matter prior to the commencement of this suit, what he has been compelled to pay out, if anything, for protest fees, and allow to the plaintiff such actual or general damages as, in your judgment, from all the evidence in the case, will compensate him for his actual injury sustained, if any, by reason of the refusal of the said bank to pay his check.

"And if you shall find that he is entitled to recover actual damages in this case, outside of the money on deposit, then, if you shall further find that the refusal of the bank to pay said check was without good reason, was oppressive, was malicious, then you would be justified in allowing the plaintiff exemplary damages—that is, what is called smart money or punitive damages—as punishment for the conduct of the defendant in such malicious act, and the amount of this is left to the good judgment and discretion of the jury."

SMITH, J. (Omitting part of the opinion): The first paragraph of this instruction is approved, except the clause, "what he has been compelled to pay for attorney's fees and otherwise in connection with looking after the matter prior to the commencement of this suit," which is disapproved. *Evans vs. Central Life Ins. Co.*, 87 Kan. 641.

There is, however, no evidence that in the refusal of payment the bank was guilty of fraud, malice, oppression, or of any wrongful purpose that would, in any way, justify the last paragraph of the instruction. It is erroneous. See *Winstead vs. Hulme*, 32 Kan. 568; *Cady vs. Case*, 45 Kan. 733.

that the debt or any part thereof may be paid before maturity.

HENRY HERN and Maria Hern executed their promissory note, negotiable in form, payable five years after date. This note was secured by a mortgage which contained a stipulation that "the said Henry Hern and Maria Hern to have the privilege of paying the sum of \$25.00 or \$50.00 at any time during the five years on account of said principal sum." The question was whether this rendered the note non-negotiable.

REESE, C. J. (Omitting part of the opinion): We are not aware that this identical question has been decided by this court. We are, therefore, required to consult the decisions of other courts of last resort, for we find nothing in the statute of this State settling the question.

In *Bowie vs. Hume*, 18 App. D. C. 286, a negotiable promissory note was executed by the makers, and at the foot of the instrument and below the signatures were the words, "With privilege of paying all or any portion any time before maturity," signed by the makers. It was held that this did not affect the negotiability of the note. See, also, *Louisville Banking Co. vs. Gray*, 123 Ala. 251, where the same rule in principle is applied, and *Louisville Banking Company vs. Howard & Kornegay*, 123 Ala. 380. In *Ackley School District vs. Hall*, 113 U. S. 135, the school district had issued its negotiable bond under the provision of a statute, which declared that the instrument should be "payable at the pleasure of the district at any time before due," and it was held that this did not destroy the negotiability of the bond, that it created only an option of the maker to pay before maturity, but that the holder could not exact payment until the day of maturity had passed.

In *Mattison vs. Marks*, 81 Mich. 421, it was held that a promissory note by which the maker agreed to pay a certain sum "on or before" a day named was a negotiable instrument, the words "on or before" only gave the maker the option before the date of maturity.

Promissory Note

PROVISION IN MORTGAGE GIVEN TO
SECURE—EFFECT OF—RIGHT TO PAY
BEFORE MATURITY.

Supreme Court of Nebraska, April 17, 1913.

FISHER VS. O'HANLON ET AL.

A promissory note negotiable in form is not rendered non-negotiable by a provision in a mortgage given as security therefor

but conferred upon the holder no right to enforce payment before that time. See, also, section 4, c. 41, Comp. St. 1911.

In *Cunningham vs. McDonald*, 98 Tex. 316, it was held that "a promissory note is not rendered non-negotiable by the fact that the maker, promising to pay by a day certain, reserves to himself by its terms the right to pay sooner."

In *Leader vs. Plante*, 95 Me. 339, a promissory note was made payable "within one year after date," and it was held to be negotiable. The option to pay did not destroy its negotiability.

The authorities are not entirely harmonious upon the question of what recitals in a note render it non-negotiable. But we have found no case where it is directly held that the reservation of a mere option on the part of the maker of an otherwise negotiable note or bond to pay a part of the debt before maturity, the exact time for maturity being fixed, destroys the negotiability of the note. In so far as the time

when the payee may demand and enforce payment, this note, even with the stipulation of the mortgage included as a part of it, complies strictly with the requirements of section 1, c. 41, Comp. St. 1911, known as the "Negotiable Instrument Law."

The case of *Campbell vs. Nesbitt*, 7 Neb. 300, is relied upon by plaintiff as sustaining his view of the right to attach the debt in question, but it gives us no real light upon the question as the note in that case became due on the 10th day of March, 1872, and was attached in 1874, long after its maturity, and while yet in the hands of the payee, who did not transfer it until in November, 1874, and after judgment had been rendered against the garnishee. The note was clearly dishonored, and had lost its negotiable quality at the time of its transfer to plaintiff Campbell. Without pursuing this subject further, we hold that the reservation of the option in the mortgage did not destroy the negotiability of the note.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Promissory Note — Payment to Payee After Transfer

MILWAUKEE, WIS., May 23, 1913.

Editor Bankers Magazine:

SIR: A makes a note payable to B or order, and then indorses the note to C as security. A meets B some weeks later and gives him a check for the amount, B promising at the time to send him the note, but not saying anything about his having transferred it. The person to whom it was transferred now demands that A pay the amount to him. Must A do so? Further, the claim for which the note was given is only about one-half of the sum named in the note. Must A pay the full amount to C or only the amount for which the note was given as security?

CLERK.

Answer: In order that the maker of a negotiable promissory note may dis-

charge himself from liability thereon, he must make payment to the holder thereof, and it is his duty to require a production of the paper before paying the same, and possession is the only evidence that he has the right to rely on. If he pays without the production of the paper, he does so at his own risk. (*Loizeaux vs. Fremder*, 123 Wis. 193; *Wheeler vs. Guild*, 20 Pick. 545, 553; *Trustees, etc., vs. Lewis*, 34 Fla. 424, 428.) In the case first cited, the Supreme Court of Wisconsin, speaking of this rule, said: "It is so simple, and, once understood, furnishes so easy and sure a means for both debtor and owner to protect themselves against unauthorized acts of others, that it ought not to be weakened or

confused. The holder can always be safe by retaining the instrument in his possession; the debtor, by refusing payment without actual presentation. It is justified in application to negotiable paper distinctively from other property by the very dominant purpose of easy and probable transfer at any moment, so that what may be true as to ownership of such paper on one day is likely to be changed on the next. Of the probability or such change the negotiability of the instrument is a continual warning."

As to the amount which C may recover of A, it would be the amount which the note was given him to secure. For as he would have to account to B for the surplus, the court would not require A to go through the useless form of paying this surplus to C, and then getting it back again from B.

Directors—False Report— Liability For

PITTSBURGH, PA., June 2, 1913.

Editor Bankers Magazine:

SIR: Please inform me what liability director of a national bank incurs in signing a report of the bank's condition. Is he bound to satisfy himself that the report is correct in every respect? Suppose he should sign such a report and afterwards the bank should become insolvent, would he be liable to the depositors?

DIRECTOR.

Answer: It has been held by some State courts that if the directors of a national bank attest a false report of its condition, they will be liable to the person who is thereby deceived to his injury, and that it is not material whether they knew the report to be false. (Yates vs. Jones, 74 Neb. 734; Gernes vs. Mosher, 58 Neb. 135; Smalley vs. McGraw, 148 Mich. 384.) But these decisions have been overruled by the Supreme Court of the United States, which has held that this was too rigorous a rule (Yates vs. Jones Nat. Bank, 206 U. S. 158); and

it is now finally established that the test of liability in such a case is the provision of the National Bank Act, viz., that the act was done knowingly, and a depositor suing a director in an action of deceit for attesting a false report must show that the director either knew that the report was false, or was guilty of something more than mere negligence in failing to discover its falsity.

Check—Payable to Bearer— Indorsement of

NEWARK, N. J., June 2, 1913.

Editor Bankers Magazine:

SIR: We had a check presented to us in payment of a bill, which was drawn payable to A or bearer, and which A had indorsed payable to B. Could we safely take such a check without B's indorsement?

MERCHANT.

Answer: The Negotiable Instruments Law provides that "where an instrument payable to bearer is indorsed specially, it may nevertheless be further negotiated by delivery; but the person indorsing specially is liable as indorser to only such holders as may take title through his indorsement." (Section 40, New Jersey Act.) In the case cited, therefore, the person to whom the check was offered would have acquired a good title to the same, without the indorsement of B; and if he had to sue on the check, he could strike out the special indorsement to B, and claim as the holder by delivery. (Mitchell vs. Fuller, 15 Pa. St. 268.)

His Escape

There was a young lad who did hanker,
When of age to become a great banker;

But his mother defied him,

Most cruelly guyed him,

And afterward he lived to thank her.

—Number Forty.

Bank Clerks' Mutual Benefit Association Providence, R. I.

FROM a description of the above-named organization appearing in the "Providence Journal," it appears that the bank clerks of that city have solved the problem of providing life insurance for themselves at reasonable cost.

The Bank Clerks Mutual Benefit Association of Providence has, in the year recently closed, a record of transacting business which involved the handling of approximately \$130,000; paying since its organization \$62,000 on account of deaths and relief extended, its work has been carried on at a total cost of but \$3,828.81 for the forty-two years. This has included an annual outlay of \$50 for accountant services. There is no other fixed item of expense, and no salaries are paid, even the collections of assessments from members being made through the clearing house without cost to the association.

In planning the organization it was aimed to provide for high-class social entertainment as well as furnishing life insurance to members—an aim which has been adhered to. The association was permanently organized with fifty-eight members, of whom seventeen are still living and in good standing in the organization. Moses E. Torrey was the first president, serving till 1885 when he was succeeded by George C. Noyes, who was succeeded in 1893 by John W. Vernon. In 1902 Herbert J. Wells became president, and in 1912 he resigned. His successor was H. Howard Pepper, who holds the presidency at the present time.

In 1872 the association was chartered under the laws of Rhode Island.

Originally the association was authorized to hold property to the value of \$50,000, but in 1904 the charter was amended, extending this privilege to \$75,000.

Membership is limited to officers and clerks, being under sixty years of age,

connected with or employees of national banking associations, banks, institutions for savings, trust and safe deposit companies incorporated by and doing business in the State of Rhode Island, or banking houses clearing at or redeeming through the Providence Clearing-House.

At the outset of the association it was not required that the members



H. HOWARD PEPPER

PRESIDENT BANK CLERKS' MUTUAL BENEFIT
ASSOCIATION, PROVIDENCE, R. I.

should undergo any physical examination, but later, and as a wise precaution, such examinations were provided for.

At the recent annual meeting it was reported that there were 473 memberships, of which 145 were second memberships, or double insurance. There have been ninety deaths since the association was formed and \$62,100 has been paid out for death losses and for relief. The association holds assets of the market value of nearly \$66,000 and has membership and memorial funds aggregating nearly \$62,000. The total amount of risk now in force is \$332,900, including 379 memberships at \$500 and 239 at \$600.

So conservatively is the association managed that it gives to its members in-

surance on \$500 at the rate of \$6 per year if they join under the age of twenty-five years, and from that rate of assessment up to \$25 per year if they join between the ages of fifty-five and sixty years.

From the first the association has enjoyed not only the financial backing of the banks, trust companies and safe deposit corporations, but it has received their moral support. In money form the banks have contributed in excess of \$10,000 to the association's fund. In other ways they have substantially up-

held the organization and stimulated its members to observe one of the cardinal objects of the association, namely, the promotion of better acquaintance and the maintenance of friendly relations, conditions which count for better work and truer harmony in banking circles.

The officers are: President, H. Howard Pepper, Industrial Trust Co.; vice-president, Edward A. Havens, Mechanics National Bank; secretary, Harry W. Simmons, Rhode Island Hospital Trust Co.; treasurer, Charles P. Brown, Blackstone Canal National Bank.

INVESTMENTS

Conducted by Franklin Escher

In the Event of Dissolution

Possible Effects of a Victory by the Government in the Suit Against the U. S. Steel Corporation Now Being Tried

BY H. P. TAYLOR OF H. P. TAYLOR & Co., PITTSBURGH.

WHEN back in September of 1911 it was first rumored that the Government proposed to urge the courts to dissolve the United States Steel Corporation, the general opinion expressed was that the outcome of such proceedings would be quite different from that achieved in the Supreme Court decisions in the American Tobacco and the Standard Oil cases. Confidence was strengthened later by a remarkable document, signed by J. Pierpont Morgan and Elbert H. Gary, in which it was stated: "In all its operations, the company had scrupulously obeyed the law and recognized the just rights of its competitors and the consumers of its products. * * * The directors are advised by its counsel that its existence is not in violation of the Sherman Act, as interpreted in the recent decisions of the Supreme Court. In view of this record and this advice, the directors

feel their duty to their stockholders, their employees and the public requires that they should set at rest all rumors to the effect that they are contemplating the dissolution or disintegration of the corporation, either voluntarily or at the demand of the Government. We believe that the organization is legal, that its management is proper, that its properties are of immense intrinsic value and that the corporation is of benefit to the public interest." Just a month later, on October 26, the suit for dissolution was filed at Trenton, New Jersey. The immediate severe decline in the stocks of the corporation was offset, as an influence on public sentiment, by a straightforward reply to the contentions of the Government by Chairman Gary and by a rapid recovery on the Stock Exchange, which extended from fifteen to twenty per cent. in a long list of securities.

MEGARGEL & Co.

BANKERS

Dealers in High Grade Railroad Bonds

35 PINE STREET

NEW YORK

WORCESTER

CHICAGO

PRO AND CON.

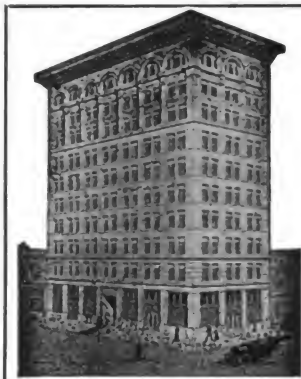
Offhand opinion on the action of the Department of Justice, in instituting proceedings against the Steel Corporation and in demanding dissolution, not only of the holding company, but of important component subsidiaries, was that the Government would experience great difficulty in establishing its case. The attorney general's presentment, however, reveals a strong marshaling of facts which steel trade authorities pronounce incontrovertible insofar as history of the organization and intents of incorporators of the corporation and of practically all of its subsidiaries are concerned. The vulnerable features, from an operating standpoint, are also apparent and, of course, include the Great Northern ore lease, the acquisition of the Tennessee Coal, Iron & Railroad Company in 1907 and the ownership of a number of very valuable railroad properties, with many attending and radiating emoluments thereunto attached.

Before considering what the Supreme Court may eventually command, it is prudent to suggest several contingencies that might easily occur. On the day the Government suit was filed, the directors of the Steel Corporation, in line with previous semi-official utterances, had decided to surrender the Great Northern ore lease at the earliest possible date permissible under the contract, January 1, 1915. It is intimated that the corporation would willingly sell the Tennessee Company and that

frank admission has been made of the probably propriety of disposing of the railroad properties. No new discovery is entailed in the deduction that profits from transportation, by movements of an enormous tonnage of raw materials over its own lines, for account not only of subsidiaries but for competitors as well, at prevailing exorbitant rates, and by pro-rating with other railroads on the great bulk of its entire finished and semi-finished traffic, gave the alleged Trust a dominating influence in the iron and steel trade. This factor was long since referred to as one of the essentially powerful features of the combination and one that could be exercised, if desired, in somewhat similar fashion as used by the Standard Oil Company in obtaining control of the petroleum industry. That it did not so direct its energies is to the credit of the Steel Corporation; its attitude towards its competitors won their friendship and coöperation. The coöperative spirit nevertheless was nothing more or less than an attempt to hold prices of iron and steel commodities at a comparatively high and uniform level, and was a plain violation of the Sherman law.

THE QUESTION OF COMPETITION.

If the Steel Corporation is to be dissolved and disintegration permitted akin to the method of procedure in the American Tobacco and Standard Oil reorganizations, no one should feel unduly excited about the prospects of acute competition among the companies



The American National Bank

SAN DIEGO, AL.

Capital	\$200,000.00
Surplus and Undivided Profits	178,000.00
Total Resources	2,400,000.00

J. W. SEFTON, Jr., Pres.

I. ISAAC IRWIN, Vice-Pres.

L. J. RICE, Asst. Cashier

C. L. WILLIAMS, Cashier

T. C. HAMMOND, Asst. Cashier

Q A new building, the best equipment, an able and experienced staff of officers and employees—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

into which division might be ordered. Trade authorities naturally differ in their ideas as to the form of dissolution the Supreme Court would require, although there is a rather common belief regarding the probable attitude towards the ore lease, the Tennessee Company and the controlled railroads. Rearrangement of the constituent parts into possible independent operating companies does not involve obstacles that cannot be overcome nor features of monopolistic tendencies that cannot be eliminated. We are not attempting to minimize the arduous labor necessary to make a proportionate and equitable distribution of the assets and obligations as well as the stocks of the Steel Corporation, but we do believe a plan can be evolved whose essential features will satisfy the letter and spirit of the law and at the same time restore more than a semblance of competition.

The trade combinations in various branches of the industry were admittedly organized in 1898 and 1899 for the purpose of securing practical monopoly thereof, despite protestations that the consuming public would benefit by reason of efficient and centralized management, lower costs and improved quality of the product. What immediately followed was a remarkable boosting of prices, with the natural sequence that consumption was restricted. The test of stability and endurance was rapidly coming to a focus and the immediate future became much clouded when, in 1900, Mr. Carnegie boldly announced the purchase of a tract of

land along the lake front upon which a great tube plant was to be erected. The consternation produced thereby precipitated the formation of the Steel Corporation in order to prevent the Carnegie Steel Company from assuming a predominance that would crush the highly over-capitalized combinations. Meanwhile, the expansion of independent capacity has nullified the monopolistic proportions of total output held by the subsidiaries in 1899 and it is not now necessary or essential that they be disbanded. This is a lay opinion, but it leads to the conclusion that, after dissolution, the following will embrace practically the entire list of segregated and operating corporations: The Carnegie Steel, the Federal Steel, the American Steel & Wire, the American Sheet & Tin Plate, the National Tube and the American Bridge Companies. No consideration is given in this estimate of the fact that several of the merged companies have been further consolidated, and that important additions to the original organization in 1901 have been made by purchase and through construction out of earnings. Admitting that such constituents may present vexatious problems, a study of the situation tends to convince that the companies enumerated afford a basis of dissolution that should satisfy the most exacting and assure stockholders therein that their rights have been protected and that each corporation is abundantly able to maintain a formidable position in a sharply competitive market.

CONTROL OF SEGREGATED COMPANIES.

Control of the segregated companies becomes a highly interesting conjecture. Powerful financiers dictate the policy of banking and fiduciary institutions and mining, public utility, industrial and transportation corporations by control of credit, incidental to what might be added a surprisingly limited amount of security holdings as compared with total issues. The Steel Corporation is not different in this respect from almost any great aggregation of capital that might be mentioned. But a distribution of its securities among seven companies would mean (1) that Wall Street would be compelled to materially increase the amount of money actually invested and (2) that the value of the new securities would naturally depend on the position in the trade likely to be attained by the different companies. Pittsburgh believes that, after dissolution, the Carnegie Steel Company would immediately assume dominance, not only because of its low costs of production, but its control of raw material and the wonderful operating effi-

ciency which made possible its unparalleled record as an independent organization. Consequently, it seems evident that control of the Carnegie Steel Company would be quite as important to the industry as a whole as it was in 1900, when its power and influence were of such a character that the bankers of the various iron and steel corporations feared that the company would become a virtual monopoly by reason of its ability to make and sell steel cheaper than any rival. This being a possible eventuality, the Pittsburgh expectation is that it would be only a comparatively brief period until the situation prevailing here prior to the Steel Corporation's existence is reestablished. If the securities of the corporation are to be distributed pro rata, the great number of stockholders affected, 120,000, is a practical guarantee against a repetition of the fiasco incident to the American Tobacco and Standard Oil disintegration, in which the limited number of share owners could mean nothing else than a mere change of form.

The Income Yield on Investments

How to Figure the Net Return on Securities Bought Above or Below Par

BY F. VIERLING OF THE MISSISSIPPI VALLEY TRUST CO., ST. LOUIS.

A CONSERVATIVE investor considers the income yield of his investments as a most important element entering into his consideration of any securities offered. Where the cost of a security is the same as its par value, the income yield is the same as the dividend rate on shares purchased or the contract rate of interest on bonds and notes purchased. Where the cost of a security is greater than its par value, or is less than its par value, such

fact has an important bearing on the income yield of the investment.

I.

We shall first discuss the matter with reference to shares purchased. In theory income is payable at the end of the year. If the annual dividend is payable in equal semi-annual or quarterly installments, mathematically the stock will pay a slightly higher rate than an annual rate. Money is worth

J. K. RICE, Jr., & CO., BUY AND SELL

Singer Manufacturing Stock
Autosales Gum & Chocolate Stock
American Meter Stock
Atlantic Fruit & S. S. Stock
Bordens Milk. Com. & Pfd. Stock
Childs (Rest.) Com. & Pfd. Stock

Computing-Tabulating Redg. Stock
DuPont Powder, Com. & Pfd. Stock
International Nickel, Com. & Pfd. Stock
Lackawanna R. R. of N. J. Stock
Mohawk Valley Stock
National Lt., Ht. & Power, Com. & Pfd. Stock

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the prevailing current rate of interest, and where money is paid in advance, proper allowance by way of interest on the advance payment should be made. Except in very large investments, the difference between the semi-annual or quarterly and the annual payments is inconsiderable, and is, therefore, generally disregarded, and income calculations are made as if the income were all paid at the end of twelve months, instead of at periods of less than one year.

It is apparent that on a purchase at par of \$100 face value of stock, paying dividends of six per cent. per annum, payable annually, the investor has an investment paying him six per cent. on the \$100 cost of the stock. On a share of \$100 par value, paying dividends of six per cent. per annum on par, bought at price of \$110, the income yield of the investment is 5.5 per cent. On a share of \$100 par value, paying dividends of four per cent. per annum on par, bought at price of \$90, the income yield of the investment is 4.44 per cent. It is simply a matter of division in either case to demonstrate this, as no uncertain factors are involved. Theoretically shares may be regarded as permanent obligations, having no maturity, and, therefore, no question of maturity of the investment affects the income yield.

II.

We shall now discuss the matter with reference to bonds purchased. The same principles apply to notes purchased. It is self-evident that at par a bond of the face value of \$100, bearing interest at six per cent. per annum, payable annually, whatever its maturity, will pay the investor six per cent. on the \$100 cost of the bond. Interest on bonds is usually paid semi-annually

and, mathematically, the payment of annual interest in two equal semi-annual payments is slightly better than six per cent. annually, for the same reasons as above explained in connection with dividends payable in installments. Where the investor pays a premium in excess of the face value of the bond, or is allowed to discount from its face value, a factor enters the transaction that must receive attention, as bearing on the true income yield of the investment. On payment of the bond at maturity the obligor will be required to pay the face value of the bond, irrespective of the cost of the bond to the investor. If the investor shall have paid a premium in excess of the par value, on payment at maturity he will receive only the par value, or less than he paid; and if the investor shall have purchased the bond at a discount below par value, on payment at maturity he will receive more than he paid. These differences are fundamentally related to the income yield of the investment, and necessarily vary with the length of time different bonds have to run, from the date of their purchase to date of their maturity.

The question whether the premium paid or discount allowed must be adjusted in one year or in a series of years is a very important one, in relation to the true income yield of the bond. If all the premium paid be offset against the amounts collected as interest on the bond within the first year or the first few years of the investment, the offset may absorb all of the collections; whereas, if the premium be offset against the collections proportionately during the entire period of years until the maturity of the bond, the offset each year will not absorb all off the amounts collected as interest on the bond, and the bond each year will

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

show a reasonable income yield. In case of a bond bought below par, if all the discount be credited as an earning during the first year or first few years of the investment, the income for such year or years will appear abnormal; whereas, if the coupons collected from year to year for interest on the bond and a proportionate amount of the discount from year to year be credited to income, the investment will show only a reasonable yield. The process of adjustment from year to year of premium paid and discount allowed on purchase of a bond is called amortization.

AMORTIZATION.

There are several bases for the amortization of premiums paid and discounts allowed on bond investments, and various tables have been prepared by experts, involving intricate mathematical calculations of the present worth of future collections of face of coupons and bonds. A more readily understood method of amortization is what is known as the level basis method, and that we shall now explain.

On the level basis method a proportionate amount is set aside each year out of proceeds of interest coupons on the bond, so that the aggregate set aside until the maturity of the bond shall equal the premium paid at the purchase of the bond. Under this plan the amounts reserved from time to time are not assumed to be reinvested until the maturity of the bond, but are held without interest. The level basis plan is a simple mathematical process.

To illustrate: Suppose an investor purchases at 110 a bond of the par value of \$100, bearing six per cent. interest and having ten years to run. At maturity he collects the face value of \$100; he will thus lose \$10 on the

bond, as by way of principal. During the ten years the investor will collect interest coupons aggregating \$60. Offsetting against the \$60 the loss of \$10 premium paid on the bond as above, will leave a net return on the bond during the ten years of \$50, or an average of \$5 per year. From this it would appear that the income yield on the six per cent. bond was five per cent. Ordinarily the level basis plan will answer, though not scientifically exact. To be more exact, an allowance as for interest should be made on the premium paid, until the premium be refunded. This would reduce the net return to less than five per cent., or, according to standard semi-annual bond tables to approximately 4.70 per cent.

To illustrate further: Suppose an investor purchases at 90 a bond of the par value of \$100, bearing four per cent. interest and having ten years to run. At maturity he collects the face value of \$100; he will thus gain \$10 on the bond as by way of principal; during the ten years the investor will collect interest coupons aggregating \$40. Adding to the \$40 the gain of \$10 discount allowed on the bond as above, will show a net return on the bond during the ten years of \$50, or an average of \$5 per year. From this it would also appear that the income yield on the four per cent. bond was five per cent. If interest should be esti-

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mated on the discount allowed until the discount is equalized, this would increase the net return to more than five per cent.; or, according to standard semi-annual bond tables, to approximately 5.30 per cent.

Under the level basis plan of amortization, on a bond having ten years to run from date of purchase, one-tenth of

the amount of the premium paid is reserved each year from proceeds of coupons, or one-tenth of the discount is credited each year. Thus by the time of maturity the full premium paid, or discount allowed, will have been adjusted under the level basis plan of amortization, the same as would occur under the scientific present worth plan.

Investment and Miscellaneous Securities

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 36 Wall St., New York.

	Bid.	Asked.
Adams Express	130	140
American Bank Note Com.	43	49½
American Bank	51	54
American Brass	131	136
American Chiclet Com.	194	199
American Chiclet Pfd.	92	97
American Dist. Tel. of N. J.	51	53
American Express	157	162
Atlas Portland Cement Com.	30	55
Atlas Powder Co.	87	91
Autosales Gum & Chocolate.	16	22
Babcock & Wilcox	98	99½
Borden's Condensed Milk Com.	113	114½
Borden's Condensed Milk Pfd.	102	104
Bush Terminal	50	60
Celluloid Co.	127	130
Childs Restaurant Co. Com.	142	142
Childs Restaurant Co. Pfd.	98	102
Computing-Tabulating-Recording ..	38	42
Connecticut Ry. & Light Com.	68	73
Del., Lack. & Western Coal.	260	280
E. I. du Pont Powder Com.	123	131
E. I. du Pont Powder Pfd.	83	91
Empire Steel & Iron Com.	13	13
Empire Steel & Iron Pfd.	35	35
General Baking Co. Com.	16	21

	Bid.	Asked.
General Baking Co. Pfd.	62	67
Hercules Powder Co.	91	95
Hudson Companies Pfd.	9	...
Hudson & Manhattan Cem.	2½	...
Hudson & Manhattan Pfd.	3	...
International Nickel Com.	119	122
International Nickel Pfd.	99	101
International Silver Pfd.	124	130
Kirge Co. E. L. & P.	111	114
New Jersey Zinc	530	580
New York Railways	20	27
Otis Elevator Com.	70	73
Otis Elevator Pfd.	95	98
Phelps, Dodge & Co.	212	218
Pope Mfg. Com.	10	13
Pope Mfg. Pfd.	41	44
Remington Typewriter Com.	30	35
Remington Typewriter 1st Pfd.	97	100
Remington Typewriter 2d Pfd.	95	98
Royal Baking Powder Com.	186	194
Royal Baking Powder Pfd.	103½	105
Safety Car Heating & Lighting	109	111
Sen Sen Chiclet	113	118
Singer Mfg.	293	300
Standard Coupler Com.	30	37
Union Ferry	16	20
U. S. Express	50	55
Virginia Railway	13	19
Wells Fargo Express	111	118
Western Pacific	5½	7

The New Banking and Currency Committee, House of Representatives

AFTER considerable delay, the Banking and Currency Committee of the House has been organized, with Hon. Carter Glass of Virginia as chairman. Following are the members of the committee:

Carter Glass, Chairman, of Virginia; Charles A. Korbly of Indiana; William G. Brown of West Virginia; Robert J. Bulkley of Ohio; George A. Neeley of Kansas; Thomas G. Patten of New York; Claude U. Stone of Illinois; Michael F. Phelan of Massa-

chusetts; Joe H. Engle of Massachusetts; Otis T. Wingo of Arkansas; Harry H. Seldomridge of Colorado; Emmett Wilson of Florida; Claude Weaver of Oklahoma; J. Willard Ragsdale of South Carolina; Charles A. Lindberg of Minnesota; Everis A. Hayes of California; James F. Burke of Pennsylvania; Edmund Platt of New York; Frank E. Guernsey of Maine; Frank P. Woods of Iowa; George R. Smith of Minnesota.



HON. CARTER GLASS
CHAIRMAN BANKING AND CURRENCY COMMITTEE, HOUSE OF REPRESENTATIVES

SAFE DEPOSIT

Has the Woman Use for a Safe Deposit Vault?

THIS question is thus affirmatively answered in a very attractive booklet sent out by the Union Trust and Savings Bank, Spokane, Washington.

To be sure she has. Her home contains many prized keepsakes and heirlooms which, by reason of their association, could never be replaced if stolen or destroyed by fire.

They should not, therefore, be entrusted to bureau drawers or other nooks about the home where they are likely to become mislaid or forgotten, and where they will have little if any protection against fire or theft.

Home robberies occur frequently, owing to the insecurity of such hiding places. Even home or wall safes have proved inadequate to prevent the depredations of the burglar.

Furthermore, people come and go more or less freely in the household, and are bound to learn many of the hiding places which contain the family treasures.

Clearly, then, valuables are not safe in the home, and the home woman needs the security of a safe-deposit box.

Besides, her own costly jewels and certain cherished relics of enough intrinsic value to tempt the marauder, the woman frequently has the custody of papers relating to the management of the home.

The household furniture and the home itself are insured—but where are the policies—the very papers that will be needed first in case of fire? Too often they are laid away in a compartment of the writing desk, within the house they insure.

Then she may have some investments of her own—bonds or mortgages, certificates of deposit, stock certificates, a savings pass book and perhaps her will. There are always valued documents and letters which must be kept in privacy and security. What place is there that so completely answers the requirements as does the safe deposit box?

Vast Expenditures in Vault Construction

ALTHOUGH enormous sums are being spent upon the construction of modern safe-deposit vaults, these sums constitute but a small percentage of the great value of the securities, money and other forms of property to which the vaults give shelter and protection. Even if there were no real danger from fire, flood, and the evilly-disposed, these costly and elaborate safeguards for the protection of wealth would still be necessary for the peace of mind of those who are the custodians of so much wealth. Uneasy is said to lie the head that wears a crown, but far more restless would be the head of a banker who

sought to dispense with the protection to the valuables in his custody which the modern art of safe-building affords.

Perhaps the danger from attack upon valuables by human agency might be guarded against with much less elaborate and costly equipment than that now employed; but even if the possibility of attack from this source were eliminated altogether, there would remain the danger from the elements against which the utmost precaution must be taken if it is to be effective.

The bank with millions in its keeping can not afford to run any chances. The confidence inspired by the physical



Three Billion Dollars

That is the aggregate of the deposits in the banks for which I have designed vaults. The strongest vaults ever built by each of the ten largest vault manufacturers in the United States and Canada were constructed according to my designs and under my superintendence

A FEW TYPICAL REFERENCES

J. P. Morgan & Co.,	N. Y. City	Bank of New York,	N. Y. City
New York Clearing House,	"	Bank of Manhattan,	"
Bankers Trust Co.,	"	Bank of Montreal,	"
Guaranty Trust Co.,	"	Mutual Bank,	"
U. S. Mortgage & Trust Co.,	"	Union Dime Savings Bank,	"
Title Guarantee & Trust Co.,	"	Union Square Savings Bank,	"
Knickerbocker Trust Co.,	"	Safe Deposit Co. of New York,	"
Brooklyn Trust Co.,	"	Broadway Savings Institution,	"
Corn Exchange Bank,	"	Mercantile Safe Deposit Co.,	"
National Park Bank,	"	Lincoln Trust Co.,	"
Importers & Traders Nat. Bk.,	"	Produce Exchange Safe Deposit Co.,	"
Seaboard National Bank,	"	Empire City Safe Deposit Co.,	"
Second National Bank,	"	Franklin Safe Deposit Co.,	"
Citizens Central Nat. Bank,	"	Long Island Safe Deposit Co.,	"
Nassau National Bank,	"	Woolworth Bldg. Safe Deposit Vault,	"
Irving National Bank,	"	and hundreds of others	"

FREDERICK S. HOLMES

Bank Vault Engineer

No. 2 Rector Street, New York

The services of an engineer for your vault are as necessary as those of an architect for your building.

“The Modern Way”

Sociological Conditions

**present the most serious menace against
which Bankers must provide**

Protection For Their Securities

Harveyized Armor Plate Vaults

**are the only absolute protection against
EVERY METHOD OF ATTACK**

BETHLEHEM STEEL COMPANY

**Designers and
Manufacturers**

**NEW YORK OFFICE
111 BROADWAY**

South Bethlehem, Pa.

Safe Deposit Boxes and Equipment a Specialty

precautions taken to safeguard wealth constitutes one of the valuable assets of a bank. This confidence is obtained only by incurring large expenditures for vault equipment, and is

therefor costly; but this cost is as nothing to the loss of prestige the banks would feel if it were an easy matter to steal or to destroy the valuables entrusted to them.

Safe Deposit Service in Time of Need

DURING the great fire in San Francisco in the spring of 1906 the people were naturally greatly concerned about the safety of their valuables. Many who did not have safe-deposit boxes or safes rented, took their papers and money to the nearest bank or trust company for safe-keeping. An officer of the Mercantile Trust Company stated that they threw their vaults open to all comers without charge, and that so many took advantage of the offer it was impossible to do more than give them a place for storage within the vaults, each depositor keeping track of the things deposited. Amidst all the confusion caused

by this sudden onrush of new depositors, not a dollar's loss was reported.

Doubtless this experience was duplicated many times in the course of that memorable disaster.

The people seemed surprised that the company, instead of exacting a high rate for its services at such a time, offered its facilities without charge, refusing to profit from the necessities born of calamity.

The losses experienced in San Francisco in 1906 would have been much greater than they were had it not been for the protection offered by the safe-deposit vaults.

Co-operative Borrowing for Dairy Purchases

FEW developments of recent years have been of more importance than the growing spirit of coöperation between banks and the farmers. A recent phase of this coöperation is a movement for obtaining funds from the banks to be employed in the purchase of dairy cattle. At Ashland, Wisconsin, the Commercial Club has addressed to local banks the following communication:

As you are probably aware, the Wisconsin State Bank, at Iron River, Wis., is making a proposition to the farmers in that vicinity to aid them in buying cows. We are trying to do something along the same lines for the farmers in this vicinity. A plan has been outlined for your consideration as follows:

Will you loan not to exceed \$10,000 to farmers at 6 per cent. for the purpose of buying good cows? The loan

to be made on the note of the farmer, payment to be secured by chattel mortgage on all cows he has including what is purchased with money loaned. The business men of the city to furnish a guaranty against loss to the amount of \$1,000 or 10 per cent. of the amount loaned, the amount of liability of each guarantor to be limited by the amount set opposite his name. No loan to be made except on the recommendation of a committee of the guarantors and then to be subject to the approval of the bank. The committee of the guarantors to have the right whenever they consider the security jeopardized by reason of lack of care of cows, or otherwise, to foreclose mortgage for benefit of the bank.

The loan to be repaid by one-half of the entire milk or cream check of each farmer borrowing; with an agreement

that he will sell all his milk or cream to some cheese factory or creamery satisfactory to all parties.

One object is to secure good cows—cows that will make the farmers a profit instead of mere boarders. To accomplish this we hope to get an expert to buy good grade Guernsey or Holstein grades.

As we desire to submit this to the business men soon, we would appreciate an early answer. If the plan suggested is faulty, please suggest a better. This plan has been submitted to both banks and we would like to have their coöperation.

This suggestion has met with a favorable response from the banks.

New York Trust Companies' Report of Condition, March 7, 1913

RESOURCES.

Stock and bond investments, viz.:	
Public securities	\$83,958,331
Other securities	329,320,613
Real estate owned	39,392,601
Mortgages owned	94,035,864
Loans secured by bond and mortgage, deed or other real estate collateral....	12,855,300
Loans secured by other collateral	571,137,538
Bills purchased, not secured by collateral	186,657,744
Overdrafts	89,733
Due from trust companies, banks and bankers.....	147,958,475
Specie	122,559,236
United States legal tender notes and notes of national banks.....	15,749,022
Cash items, viz.: Bills and checks for the next day's exchanges; other items carried as cash	17,384,819
Other assets	42,493,024
Add for cents	35
Total	\$1,663,592,335

LIABILITIES.

Capital	\$75,950,000
Surplus (including all undivided profits) on market value of stocks and bonds	181,211,647
Unpaid dividends and reserve for taxes, interest, etc.....	3,489,536
Preferred deposits—Amount due New York State Savings Banks.....	48,364,164
Amount due New York State Savings and Loan Associations	703,565
Trust deposits not payable under the conditions of the trusts within 30 days	33,967,027
Due as Executor, Administrator, Receiver, Trustee, Committee or Depositary.....	45,921,068
Deposits secured by outstanding unmatured bonds issued by the State of New York.....	9,242,413
Other deposits secured by a pledge of Trust Company assets	6,135,195
Deposits otherwise preferred.....	1,136,496
Due depositors, not preferred	1,112,661,316
Amount due Trust Companies, Banks and Bankers	89,133,600
Bills payable	80,000
Other liabilities	55,595,973
Add for cents	35
Total	\$1,663,592,335
Total deposits	\$1,347,265,144

BANKING PUBLICITY

Conducted by T. D. MacGregor

Service As An Advertisement

BY W. D. VINCENT, CASHIER OLD NATIONAL BANK, SPOKANE, WASH.

THE bank which refuses to advertise merely because it is difficult to determine the exact returns which it secures, will in all probability soon be the bank which must be content to take care of the business its competitors do not care for, for stagnation will surely result from a policy which does not take into account the value of proper publicity. I believe that the chief value of the printed advertisement is in the way of what might be termed general publicity, that is in keeping the name of the bank and its officers constantly before the public, and in keeping that public informed as much as possible as to the service rendered by the bank.

In the last analysis, it is service which holds business. The bank which renders its customers the most satisfactory service in every department will in the long run secure and hold the greater amount of the business done in the community. Good advertising backed up with poor service will lose practically all of its effect. The old commonplace that "a satisfied customer is the best advertisement" holds true more strongly in the banking business, I believe, than in any other; and if it is possible for you to have thousands of satisfied customers, you have just that many living, breathing and usually talking advertisements.

To take a concrete example, if you go to a new city to locate and desire to open a bank account, you do not buy the morning paper and carefully scan the bank advertisements to decide which bank shall be your depository. By no means. If possible you look up a friend in that city and ask his advice as to which is the best bank for you to commence to do business with. If the service rendered by his bank is sat-

isfactory in every particular, you may be sure that he takes you to the officers of that bank and introduces you there, and the same kind of careful and considerate treatment which held him closely to that institution will hold you.

Perhaps the largest single element that determines the quality of service a bank can render is what might be termed "character" of the institution. The character of two banking institutions will differ just as much as the character of two individuals. You have all noted this difference probably in different banks of your acquaintance. And the character of the institution merely reflects the character of the men composing the institution, from the president and directors down through the whole office force to the messengers and office boys. You can see how vitally necessary it is, therefore, that the officers and directors of the bank be those whose names will be a potent source of strength to the institution, and whose names can be used with profit to the bank's advertising. The same principle applies only a little less strongly to the members of the force. Your teller who meets customers daily can do much by his courtesy and accuracy to tie business more closely to the bank. Your messenger who goes out daily to make collections is an advertisement for your institution, and too much importance cannot be given the fact that his appearance and his conduct should be in keeping with the standards which you have set for yourself.

A bank's reputation is its greatest asset, and it is also the greatest single item in any publicity that may be given to that bank. In order to maintain this reputation, the service which it renders

its customers must be high-class in every particular. This means careful selection of employees, careful training of them after they are once selected, a properly worked out system for the prompt and satisfactory handling of business, a painstaking supervision by officers and directors, and finally a spirit of coöperation throughout the

force which means that all work together for the one end of upbuilding the institution. With these points properly seen to, every piece of advertising issued by the bank can be backed up with good service, and thus a cumulative power of public sentiment can be created that no possible competition can dislodge.



Bank Publicity Association of New York

THE objects of the recently formed Bank Publicity Association of New York city have been set forth as follows:

The active members of the association are to be one advertising man each from such of the national and State banks, trust companies and savings banks in Greater New York as care to avail themselves of the association.

The organization is to be one of individuals and while each man will be seeking the good of his own institution, yet his membership in the association is a personal one and not as an official representative of that institution. The object is mutual study and improvement and the theories or practices of the association are in no way binding on the separate institutions.

Many banks to-day are doing advertising of which they do not approve. Advertising in miscellaneous programs is a sample of this. If some general policy on this and similar subjects were adopted by all the bank advertising men in New York, a great deal of money might be saved for legitimate purposes.

Too much of our bank advertising is done perfunctorily by men who do their work with but little enthusiasm. The advertising so often falls to some certain man for no reason except that he cannot shove it off on to everybody

else, everybody else having shoved it off on to him. This lack of interest is usually responsible for poor results. One benefit of the association would be to stir up the enthusiasm of those on whom this work devolves.

It is hoped to have meetings where the association will be addressed by prominent speakers of interest. These meetings will mean an increase of actual knowledge to those who attend them; but above all, it is hoped that they will inspire those present with a realization of the fact that bank advertising can be made interesting, effective and yet dignified. There is no human interest so strong as that which centers around dollars and cents. Why should not the story of how to take care of a man's money be made personally interesting to him?

Our banking men are now working out their own problems each for himself and with many of them the problem is very much the same. Instead of each man beginning at the beginning, greater progress may be expected if each man begins original thought where the others have left off. The proposed association would afford a clearing-house for experiences both profitable and unprofitable.

A strong association, composed of the advertising men of the city's financial institutions, ought to be able to

National Bank Advertising

"The Record" is pleased to assure the national bank official that he, too, may profitably employ newspaper space. T. D. MacGregor, of New York, one of the leading authorities on financial advertising, in his "2000 Points on Financial Advertising," devotes 42 pages to "copy" especially prepared to meet the requirements for soliciting commercial accounts, while to strictly trust company "copy" he gives but 22 pages. It will therefore be seen that the national bank is on about an equality with the trust company in the matter of advertising possibilities.

As was the case in the famous "Charge of the Light Brigade," some one has blundered woefully when it is presumed, without investigation, that a national bank has little or no appeal to make for public patronage. The above-mentioned book positively demonstrates that quite the reverse is true.

"The Record's" Bureau of Information is always open to the national banker who is desirous of increasing his business.

THE PHILADELPHIA "RECORD" GIVES US A FREE AD.

obtain the coöperation of the local newspapers. The papers are apt to overlook the important place that the financial institutions hold in influencing the city's welfare. Intelligent criticism of banking policy by the public press should be welcomed, but habitually unfair criticism ought to be called to the attention of the business offices of the offending newspapers.

There is a tendency plainly noticeable to widen the scope of the bank advertising man's work. He is becoming an adviser on matters of policy and a suggester of methods for increasing business. At present, there is no way in New York for these men to improve their methods by actual contact with men of similar endeavor. The associa-

tion in question will give this much needed opportunity.

An institution need have no fear that its representative will divulge business getting methods that will be helpful to his competitors. In these days, the man who gives seems to be the man who gets the most in return and the spread of enthusiasm and good methods all along the line will reflect itself in better and more business for everybody. It will not be incumbent for any member of the association to reveal valuable original ideas which he might have in mind for use in his own institution, but the interchange of information as to past experiences cannot help resulting in a mutual saving and profit. So far as new ideas are concerned, there are

always more ideas where the last one came from, and after all, a method once used quickly becomes common property through the inalienable right of imitation.

In other cities where such organizations are in existence, it has been found that new avenues of usefulness have opened as the organizations have developed. Doubtless, this will be the experience of the Bank Publicity Association of New York city.

The association has elected these officers:

E. B. Wilson of the Bankers Trust Company, president; N. F. Gatling of the Chatham-Phoenix National Bank, vice-president; E. A. Bennett of the American Exchange National Bank, secretary, and Horace Anderson of the Title Guaranty and Trust Company, treasurer.

At the dinner of the association held at Fraunces Tavern, June 17th, a number of speeches were made, the keynote being sounded by President E. B. Wilson in the following remarks:

By getting together we hope to broaden our knowledge of bank and trust company advertising, to profit by one another's experiences, and to work for the general good of banking institutions in Greater New York, as well as for the particular institution with which each is connected.

Our plan is to work by means of committees, and already we have committees appointed to accomplish definite objects for the advantage of all members of the association. For example, there is the committee on publications, whose duties will be to investigate publication and compile information which will be on file for members to refer to. It is believed that this committee will succeed in obtaining information, not now accessible, in regard to publications offering their advertising space to banks and trust companies of this city.

Then there is the committee on efficiency, whose duties will be to study methods of advertising applicable to the requirements of banking institutions, with a view of increasing the returns from each dollar spent.

Other committees will be appointed from time to time as the circumstances seem to warrant.

It is rather early in our career to talk about what we are going to do, because that will depend upon the development of our organization, and the circumstances confronting us as we proceed, but I think it is safe to say that the association will stand for, and actively assist any movement for the strengthening of public confidence in the banking institutions of this city, and

for increasing the public knowledge of the great services performed by those institutions.

It is hoped that the Bank Publicity Association will be able to enlist the co-operation of newspapers along these lines. Certainly this would be a worthy object to attempt, because the newspapers of this city could greatly strengthen public confidence in the city's banking institutions and could serve the interests of their readers by educating them to the advantages of banks and trust companies, even more than they do now.

Another thing which this association will use its influence to accomplish is the elimination of fraudulent and misleading financial advertising. Such an object seems entirely within the province of the association, because the banking institutions with which we are connected, suffer loss through the operations of unscrupulous promoters who lead investors astray. Deposits are often withdrawn from banks to be utterly lost in foolish ventures, which have been called to the attention of the public by advertisements, and money is thus taken out of the legitimate channels of investment.

If I mistake not, the Bank Publicity Association of New York City will stand for the highest professional and business ideals. It will encourage truthfulness, conservatism and dignity in bank and trust company advertising, and will discourage efforts to mislead the public by false or exaggerated statements.

The usefulness of the association will depend to a certain extent upon the size of its membership, and it is our desire that all of the national, state, savings banks and trust companies of Greater New York shall nominate members. Also, there is no reason why banks outside of Greater New York should not enjoy the advantages of the association by having representation in the person of associate members.



"Tempus Fugit"

THE above is the title of a splendid booklet issued by the American National Bank of Richmond, Va., in connection with the installation of the chiming clock on the front of its building, as pictured in the accompanying illustration.

The booklet contains a large number of very appropriate quotations from noted authors on the subject of "Time" and its proper use, while the message of the chimes is thus beautifully expressed:



A BANK ADVERTISEMENT CONSTANTLY SEEN AND HEARD

On front of our building, the American National Bank, we have installed a set of Westminster Chimes in the form of a clock which will, at the quarter, half, three-quarter past and on the hour ring out in various musical combinations.

At first the stroke may be to you simply a pleasing harmony, but as you hear it daily and listen for its musical sound, and live by its well-timed hand, it may become to you a real thing, a message—whatever you make it.

To the one who truly labors, the sound may become a vital message. He may hear in it a promise of his task accomplished, his purpose achieved.

To the dreamer the stroke of the Chimes may be a *reveille* calling to action the latent forces of his nature.

To the genius the music of the bells may

be a touch to the silent chord bringing forth harmony to enrich the world.

May each hear in these tones a song of work well done, of satisfaction, of happiness.

These chimes are ringing for you, for they belong, not to us alone, but to the men, women and children of Richmond.

Every day of the week, every hour of the day they are sounding their message—the note of warning spoken in time; the sound of rejoicing; the lament in time of sorrows.

The new Chime is intended to make you *think* whenever you hear its voice rising out of the noise of the city streets. It is a sermon in resounding metals; a benediction set in harmonious cadences.

All preaching is not done in churches, nor on Sunday, nor simply through the human voice. The voice of the bells strikes

a human message. It names the hour in silver tones. It tells again and again how the moments, unseen, are flying.

The Chimes are writing with fingers of sound through space the word NOW—they know no other era. They erase on the slate of Time the word Yesterday, and in its place are writing To-day. They never sound To-morrow. They know but one Time—the Present.

Miss Eleanor Montgomery, manager of the Advertising Department, who compiled the booklet, thus describes the way the matter was handled from an advertising standpoint:

We placed in our lobby a big screen showing the original drawings and slip pad receipts to be signed and left at the bureau of information in exchange for a copy. In this way every book given out was practically registered and we have in hand the signatures of the recipients from which to build a good practical mailing list of visitors to the bank.

We are also enclosing sample of newspaper copy with which the book was advertised. This gave us a chance to key the newspapers with interesting results in showing from what sections of the country certain publications brought results,—at least inquiries showing a curiosity, which

curiosity, we reason, may in time be turned BANKWARD to the AMERICAN NATIONAL.

The newspaper advertisement read:

"Old Time, in whose bank we deposit our notes.
Is a miser who always wants guineas for kroats;
He keeps all his customers still in arrears
By lending them Minutes and charging them Years."
—Holmes.

Do you Want to Know What the Writers of the World of all Ages Have Had to Say About the Flight of Time?

We have compiled for the use and pleasure of our customers and friends a handsome souvenir book,

"TEMPUS FUGIT"

which we will send to YOU postpaid if you will return the coupon attached. This book contains one hundred and fifty quotations, hand illustrated, and is issued in order that the stroke of the new chimes clock which we have placed on the

AMERICAN NATIONAL BANK

Richmond, Virginia.

may be more fully appreciated.

Address Department C, American National Bank, Richmond, Va.

Realizing that economy of time means economy in every phase of life, I ask that you mail your book, "Tempus Fugit," to

NAME.....

ADDRESS.....



How Banks Are Advertising

Note and Comment on Current Financial Publicity

THE Commercial Bank and Trust Company of Birmingham, Ala., makes a good "class appeal" in this ad. to locomotive engineers:

"The Man At the Throttle."

Just a little talk to our brave engineers. It is not so much what you earn, but what you save, that insures the safety of your family provided you are hurt.

Saving money is not high speed work—but money in the bank is the emergency brake on your future. Engineers know the value of time and should appreciate the value of foresight and carefulness. Running along and spending money as you earn it is as dangerous as running your engine full speed around a dangerous cut or curve. The man who does not accumulate as he earns, never covers any dis-

tance on the road to success. Maybe it is necessary for you to start in slowly—to lay aside just a little now. But if you don't start you surely never will get anywhere. Begin saving your money now—put it where your money will work hardest for you—in this bank.

"Put gold in the bank before time puts silver in your hair."

Referring to the new emblem of the Tradesmen's National Bank of Philadelphia, reproduced herewith, David Craig of that bank writes:

Knowing your interest in financial advertising, I am taking the privilege of enclosing herewith the statement of our bank as of May 1, 1913. The front cover is a

new design which we have adopted. The cut, representing the old time fur traders, is, we think, emblematic of the name of our bank. The slogan "Strength and Service," while applicable to our institution, is not exactly distinctive. It has been suggested that we use the phrase "Bank for Traders." Our only objection to the latter is the popular application of the word "Traders" to stock exchange trading. If used beneath the seal, however, the cut, in a measure, would explain the term.

This is a good emblem as it stands, although the trading represented in it



APPROPRIATE.

is really barter, but it is the *idea* of buying and selling—the transaction of business—which it is intended to convey and this is done very well. We think perhaps "The Bank for Business Men" would be a good slogan for a strictly commercial bank.

The National Shawmut Bank of Boston, early in the summer, issued a good circular on its Foreign Service.

The First National Bank and the Berkeley Bank of Savings and Trust Company, associated institutions, are distributing a fine illustrated folder on Berkeley, written by the secretary of the local Chamber of Commerce.

The German-American Trust and Savings Bank of Los Angeles, Calif., sent out a beautifully printed mailing folder announcing its removal to its new home. The folder was cut out so that the name of the recipient appeared in the body of the invitation and the

same writing of the name also served for the address.

"Saving and Investing" is the title of a good booklet issued by the State Bank of Chicago. It carries out well its purpose as stated in its "Foreword," as follows:

How do rich men make their money? What is the process? Can a young man who starts in life with a clear head, an honest heart and a strong physique ever expect to gain such opulence as other men enjoy?

The purpose of this booklet is to answer these and related questions; to point out safeguards and dangers, and more especially to call attention to the present-day efficiency of the State Bank of Chicago as a bank of genuine, helpful service.

Mr. C. L. Chilton, Jr., of Birmingham, Ala., sends us "for the acid bath" a booklet entitled "Popular Investing," which he prepared for the American Trust and Savings Bank of his city. It is a very clever handling of the savings account idea from the investment standpoint, and as a piece of printing, the booklet deserves nothing but praise.

Another good savings talk is contained in a newspaper advertisement of the Fulton, N. Y., Savings Bank. It reads:

JOHN GOT A BETTER JOB.

John Smith lost his position when the store failed.

He hustled for another job and found two openings. One he could take at once, it paid \$11.00 a week, but he must agree to stay a year. The other paid \$16.00 with more if he made good, but it wouldn't be ready for five weeks.

Of course, he wanted the best paying job. Fortunately he had been putting a few dollars each month into the Fulton Savings Bank and found he had enough to keep going until the \$16.00 job was ready.

He discussed it with his wife and they decided to wait.

Not wanting to be idle, he picked up enough at odd jobs to pay half of his expenses and drew on his savings account for the rest.

At the end of five weeks he had a good position and didn't owe his grocer or landlord a penny.

If John had not had his savings bank account he could not have waited for the \$16.00 job.

In sending us the "Baby" ad. of the Penn National Bank of Reading, Pa.,



Baby's Fortune

Bank only Five Dollars the first year of Baby's life and Ten Dollars his second birthday; Fifteen Dollars the third birthday, and so on, increasing your yearly deposit for him five dollars; and when he is 21 years old, your deposits and the three per cent. annual interest we will pay on the account, will net him nearly fifteen hundred dollars—enough to start a business or enter a profession.

The Penn National Bank
758 Penn Street

U. S. Postal Depository

WILL REACH PARENTS.

Mr. Nathaniel Ferguson of that city writes:

There are 26,000,000 telephone talks in America in a day and 26,000,000 talks in England in a year. There are reasons. Good illustrated advertising in America and lots of it may be one.

The Union Trust and Savings Bank of Spokane, Wash., writes:

We recently inaugurated a safe deposit publicity campaign which we believe would be of interest to you.

Briefly, the plan is to write original type-written letters to a selected list of Spokane

women, enclosing a coupon which entitles them to three months' free rental of any sized safe deposit box if redeemed within two weeks, enclosing with it a special ladies' booklet and a celluloid bookmark.

The distribution of these free coupons is not indiscriminate, the list of names being compiled very carefully and containing only such persons as would not be likely to abuse the offer. Neither do we send out several hundred at one time, making it possible for the system to get beyond our control. One of our stenographers takes care of the work during her leisure time, sending out an average of a dozen letters daily. To date, the results have been very encouraging, and we consider the plan a decided success.

We enclose one of these letters, with all the enclosures, etc., which it contains when distributed locally.

The form letter sent out read:

Dear Madam:

The safe deposit equipment of the Union Trust & Savings Bank especially commends itself to the needs of women, and in order to demonstrate the safety, convenience and privacy of the department, we invite you to accept the enclosed coupon. No. 296, registered in your name, which entitles you to the free use of one of our boxes for the period of three months.

In accepting this offer you will in no way obligate yourself to rent one of the boxes at the expiration of this period, our desire being to acquaint you with the splendid equipment, should you feel the future need of such service.

Whether or not you avail yourself of our offer, you are most cordially invited to call and permit our custodian, Mr. Joy, to show and explain to you the many unique and interesting features of the vaults.

Respectfully yours,

Vice-President.

The coupon read:

No. 296

UNION TRUST & SAVINGS BANK

Safe Deposit Department

The Marble Bank Building

This coupon entitles Mrs. Mary Smith to the use of one any sized safe deposit box in the vaults of this bank for a period of three (3) months, without cost or obligation to rent, if presented for redemption before June 3, 1913.

Union Trust & Savings Bank

Dated May 22 1913

By _____
Vice-Pres.

The United States Bureau of Engraving and Printing is described in another of the series of interesting

booklets issued for the First National Bank of Boston.

The Birmingham Trust and Savings Company of the same city is making use of a good series of booklets including such titles as these: "Banking and Young Men," "Try It Out," "Guardianship," "A Reminder," "That Last Month's Salary," and "An Insistence."

The Commercial National Bank of Muskogee, Okla., celebrated its seventeenth anniversary by issuing a fine illustrated booklet containing a full description and history of the bank, facts about its progressive community and portraits of everybody connected with the institution.

Cashier H. B. Van Decar of the Nebraska State Bank, Ord, Neb., writes us as follows:

We are in receipt of the May number of "Bankers Magazine" and note therein your recognition of the "Nebraska State Bank Journal," our little bank publication. We thank you very much for your favorable comment of our journal.

We would be pleased to exchange advertising matter with any of your subscribers on receipt of application for same.

We find that this little journal is procuring business for us, not only locally, but from distant points. The statement of the old Indian that "one feather does not make a bed," applies very forcibly to publicity work. Our idea of the benefits of advertising is that it does no good to run your advertisement once and quit, but it is the constant work that gets results.

The First National Bank of Berlin, Pa., ran a series of illustrated newspaper ads. giving different interior views of the bank. One ad. headed "Home, Sweet Home" contained this good talk on saving toward home ownership:

Do you want a home? Ask those who have them how they secured them. Nine out of ten will tell you they started a bank account when they had but a few dollars

and then watched it grow until it was large enough to secure a home.

You can do it.

It may take some work, some will power, some self-denial at first, but it will surely bring you a home as night follows day. Come in and let us talk about this—home, sweet home.



Effective Bank Advertising

ONE of America's foremost librarians, discussing the selection of books for the institution over which he presides, remarked the other day that this work had once been undertaken by a committee of the board of trustees, but that experience had proven that the safest guide in choosing books for libraries is the taste of the public. The individual likes and dislikes of a few censors did not harmonize with the likes and dislikes of the great body of readers; and the books the readers ask for are now the ones that stock the library shelves.

There is a lesson in this experience of the library for the banker who undertakes to shape the advertising of his institution upon his own personal taste. The object of bank advertising is to attract newspaper readers and win their patronage. Bank officers—and particularly bank directors—are not always qualified by intimate touch with the people whom they want to reach to decide what sort of advertising appeal will make good. That is perhaps why some bank advertisements are not up to the standard of the average commercial advertisement in the qualities that bring new business.

The advertising bank needs the counsel of men who have made a study of advertising. The knowledge they bring to bear on the bank's publicity problems is usually worth all it costs. Bank "copy" prepared to suit the public taste, placed in an influential, high grade newspaper, is always effective.—*The Philadelphia Record*.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. **Watch each month for new names and other changes.**

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co., New York.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

W. R. Dyar, assistant cashier, First National Bank, Ripon, Wis.

W. J. Kommer, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Bialock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, advertising manager, Wacho via Bank & Trust Co., Winston-Salem, N. C.

W. O. Hoozer, treasurer, American Trust Co., Jacksonville, Fla.

John R. Hill, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

A. A. Ekirch, secretary, North Side Savings Bank, New York City.

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

C. W. Beerbower, National Exchange Bank, Roanoke, Va.

B. P. Gooden, adv. mgr., New Netherland Bank, New York.

J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.

E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.

Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

Frank K. Houston, assistant cashier, First National Bank, Nashville, Tenn.

B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.

Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.

Germantown Ave. Bank, Philadelphia, Pa.

J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.

Union Trust Co. of the D. C., Washington, D. C.

E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.

Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.

Commercial Bank, Midway, Kentucky.

J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.

R. H. Mann, The Bridgeport Trust Co., Bridgeport, Conn.

A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.

Dexter Horton National Bank, Seattle, Wash.

Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.

Frank K. Houston, Asst. Cashier, Third National Bank, St. Louis, Mo.

L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.

Nebraska State Bank, Ord, Neb.

Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.

H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.

J. T. Donnellan, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.

C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.

J. C. Eheraspracher, assistant cashier, First National Bank, Shelbyville, Ill.

F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.

Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.

F. R. Adams, Will Co. National Bank, Joliet, Ill.

A. E. Potter, president, Broadway National Bank, Nashville, Tenn.

T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.

Victor F. Hann, Mgr., Publicity Dept., The Fifth Avenue Bank, New York City.

H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.

Wersels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.

Wish We Had Some Money

THE National Nassau Bank of New York has abolished cigarette smoking in that bank. Sorry we haven't any money, for we'd like to show practical appreciation of that action by opening an account and making a substantial deposit.

BOOK REVIEWS

THE PRICE OF INEFFICIENCY. By Frank Koester, New York: Sturgis & Walton Co. (Price, postpaid, \$2.15.)

Many of the country's faults are pointed out in this volume, and great stress is laid on the superiority of conditions in several of the European countries. The author expresses the hope that his work will be received in the spirit intended, "that of helpful and constructive criticism."

THE VALUE OF ORGANIZED SPECULATION. By Harrison H. Brace, Author of "Gold Production and Future Prices." Boston and New York—Houghton Mifflin Co. (Price, \$1.50.)

Just now the denunciation of speculation is very common and numerous legislative attempts are being made to curtail it or to stamp it out altogether as something whose effects are

utterly baneful. Mr. Brace thoroughly and scientifically analyzes speculation, showing what are its actual evils and actual benefits. While he believes that legislation may lop off some of the more glaring of these evils, he places greater reliance upon experience and education as corrective forces.

In a time when there is so much criticism of speculation—some of it undoubtedly just, but a great deal of it probably unjust and not founded upon sufficient information—it is of real benefit to the community to have the subject discussed dispassionately and upon the basis of well ascertained and carefully arranged facts. Mr. Brace seems less disposed to make out a case for organized speculation than to set forth the truth. This, combined with fulness and clearness of treatment, gives his book an exceptional value for its masterly handling of an important subject.

Rapid Growth of Germany's Population

THE rapid increase of the population of Germany, says U. S. Consul General T. St. John Gaffney of Dresden, is due to the excess of births over deaths, not to immigration. This birth excess is greater than in all other countries with a like industrial development; the decrease in the death rate results from improved hygiene and medical science. In addition to Berlin, which in a few decades has developed into a world metropolis, forty-seven other large cities, (forty-five of them with more than 250,000 inhabitants each) are distributed over the Empire. A comparison of Germany's growth in population with that of Great Britain and France is shown herewith.

In 1880 Dresden had 220,818 inhabitants; in 1910, 548,308 (increase

148.3 per cent.); Berlin in 1880 had 1,105,000 inhabitants; in 1910, 2,059,000, not counting the suburbs, or 3,700,000 with the suburbs (increase 86.3 per cent.). During the same period London had an increase of only 19.9 per cent., Paris one of 28.9 per cent. The decrease of the death rate during the period of 20 years (up to 1910) in the different countries is as follows: Germany, 33.3 per cent.; United Kingdom, 28.4 per cent.; France, 21.8 per cent.; Austria, 28.2 per cent.; Russia, 2.5 per cent.

		—Population—			
Countries.	Area. Sq. miles.	1910.	Inc'ase, Birth 1875- excess.		Per ct. 1910.
			1910.	1910.	
Germany	208,825	64,926,000	52	13.6	
Great Britain 121,083		44,902,000	37	11.0	
France	207,128	39,600,000	8	1.8	

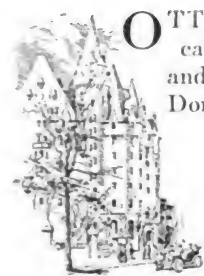


THE RT. HON. ROBERT LAIRD BORDEN
PRIME MINISTER OF THE DOMINION OF CANADA



Canada's Welcome to the New York Bankers

Twentieth Annual Convention of the New York State Bankers Association, Ottawa, June 12 and 13



OTTAWA, the beautiful capital city of Canada, and the bankers of the Dominion generally, gave a splendid reception to the bankers of New York who met in that city for their annual convention June 12 and 13. The novelty of meeting outside the country and the exceptional entertainment features served to attract a large attendance and made the convention one of the most memorable in the annals of the New York State Bankers Association.

The city of Ottawa, the Canadian Bankers Association and the Dominion Government all joined in the official welcome, while the Ottawa bankers and those from other parts of the country contributed everything possible to make the convention enjoyable.

Notable among the social entertainments was the brilliant banquet at the famed Chateau Laurier, where the Premier of the Canadian Government was among the distinguished speakers. A reception and dance, visits to numerous points of interest, sporting events, etc., afforded opportunities for delightful entertainment of which the visitors took full advantage.

The shanty luncheon in Rockcliffe Park was unique and enjoyable, while those who visited the experimental farm as guests of the Ottawa Clearing-House and Hon. Martin Burrell, the Dominion Minister of Agriculture,

found much to interest and instruct them.

At the conclusion of the convention, a cordial vote of thanks was tendered to all who had so royally assisted in entertaining the visiting bankers.

This convention taking place on the eve of the approaching centenary of peace between the United States and Great Britain, special stress was laid on the good relations so long subsisting between the people of this country and those of the Dominion.

THE BANQUET AT THE LAURIER.

Undoubtedly the great event of the convention was the banquet at the Chateau Laurier on the evening of July 12 tendered to the visiting bankers by the Dominion Government—certainly an exceptional honor, and one of which the New York bankers were deeply sensible.

Messages were read from King George, H. R. H. the Duke of Connaught, Governor-General of Canada (who was unavoidably absent, but who was represented by Sir Charles Fitzpatrick), and addresses were made by Prime Minister Borden, James J. Hill, and others prominent politically and financially in both countries.

The toast of "The Governor-General" was replied to by Sir Charles Fitzpatrick, Chief Justice and Administrator.

"Our Guests" was proposed by the Right Hon. R. L. Borden, and responded to by Cornelius A. Pugsley, president of the New York State Bank-



R. H. TREMAN

**PRESIDENT OF THE NEW YORK STATE BANKERS ASSOCIATION ; PRESIDENT
TOMPKINS COUNTY NATIONAL BANK, ITHACA, N. Y.**



D. R. WILKIE

**PRESIDENT CANADIAN BANKERS ASSOCIATION ; PRESIDENT AND GENERAL
MANAGER IMPERIAL BANK OF CANADA, TORONTO**

ers Association, J. J. Hill and Hon. Andrew Jackson Montague.

"The Parliament of Canada" was proposed by the Hon. Adolph O. Eberhart, Governor of Minnesota, and Professor Francis Greene, and responded to by the Hon. W. T. White,

Majesty the King and H. R. H. the Duke of Connaught in reply to greetings sent at the morning session, as follows:

"The King sincerely thanks the members of the New York State Bankers Association assembled for the first



CHATEAU LAURIER, OTTAWA

Canadian Minister of Finance, and the Hon. Rodolphe Lemieux, ex-Postmaster-General.

"The Canadian Bankers Association" was proposed by Hon. Lemuel P. Pagett, chairman of the United States Naval Committee, and responded to by Colonel D. R. Wilkie, president of the Canadian Bankers Association.

"The City of Ottawa" was proposed by J. G. Cannon, president of the Fourth National Bank, New York, and responded to by Mayor Ellis of Ottawa.

Messages were received from His

time outside the United States in the commemoration of one hundred years of peace."

The Governor-General's cablegram was as follows:

"I thank you and those assembled for your very kind message, which I received this morning."

A worthy tribute was paid to the Governor-General by Sir Charles Fitzpatrick, who referred feelingly to the reason the Duke of Connaught had been forced to leave Canada at the present time.



OTTAWA—RIDEAU HALL, RESIDENCE OF GOVERNOR-GENERAL



OTTAWA—PARLIAMENT HILL



OTTAWA—SECTION OF MOST BEAUTIFUL DRIVEWAY IN THE WORLD



OTTAWA—ONE OF THE MANY CHARMING VISTAS



OTTAWA—THE PUBLIC MARKET

The Prime Minister, Hon. Robert L. Borden, in proposing the toasts "Our Guests," said:

"The more we know of each other the better it will be for both nations.

"We are met here to celebrate the century of peace, and although we have had our differences, public men in the United States and Canada have been true to the public trust invested in



OTTAWA—MAJORS HILL PARK AND THE CHATEAU LAURIER



GROUP OF CANADIAN AND AMERICAN BANKERS

them, and we thank God for it. We have shown the world a boundary line of four thousand miles unguarded, and that surely is something worth showing.

"Let us believe that no questions, however delicate they may be, will ever

provoke a quarrel between Canada and the United States. Let us hope that as long as the waters of the St. Lawrence flow we shall be at peace with each other."

"The glory of the citizenship of Canada and the United States," declared Mr. Pugsley in reply, "is that true bravery and devotion to duty are to be found not alone on the battlefield, but everywhere, and that men and women have tasks to perform. War and passion between our countries, I believe, have perished. The thought and purpose of our mighty nations has been to develop their magnificent domains, to uplift their citizenship, to upbuild their institutions, to create great empires, to inspire our men to reach the heights of endeavor, of achievement and of accomplishment, not only for themselves, but for their country's weal. Canada and the United States have kept step with the mighty forces of progress. They have answered the Anglo-Saxon call to march onward and upward to higher attainments. Possessed and inspired by the same thoughts and ideals as to the essentials of the fundamentals in government, they have stood also for the



SPARKS STREET, OTTAWA

upbuilding, the exaltation of the individual life."

"Some Victories of Peace" was the keynote of the speech of James J. Hill in responding to the toast "Our Guests." He said:

"One hundred years ago what was probably the last war ever to occur be-

stretch long years of emulation in the tie of brotherhood. It is fitting that such an occasion should be celebrated in your beautiful city, and under the auspices of the representatives of capital in both countries. Capital is the most cosmopolitan force in the world. From the beginning of human intercourse it has broken down more bar-



OTTAWA—CORNER PARLIAMENT HILL—STATUE OF QUEEN VICTORIA, INTERPROVINCIAL BRIDGE, OTTAWA RIVER, AND LAURENTIAN HILLS IN THE DISTANCE

tween English-speaking peoples was drawing to a close. Whatever may be the fate of the general movement among the nations in favor of peace, those whose mother tongue is English will never again take up arms against one another. A difference of opinion between Great Britain and the United States which arbitration could not settle is inconceivable. Friction between Canada and the United States is no longer possible. Boundary questions and questions of fishing rights are either definitely passed upon or have their assigned tribunals. Before us

riers, cemented more bonds, than all the armies and navies in the world. Capital to-day furnishes the sinews of war; for none can long be carried on anywhere—as a rule none would ever be begun—if the great bankers of the world should agree in refusing to finance it. Arbiters of peace and agents of material development everywhere, it is most appropriate that they should be heard here and to-day.

"In spite of all obstructions, the commercial relations between Canada and the United States have grown to proportions that astonish even



BANK OF MONTREAL—HEAD OFFICE, MONTREAL



BANK OF MONTREAL—QUEBEC BRANCH

those familiar with the official figures. According to the report of the United States Consul in this city, the foreign trade of Canada reached a total of over a billion dollars for the calendar year 1912. The increase over 1911 was 23.5 per cent. Of the total, 56 per cent. was business with the United States. For that same calendar year the balance of trade for the whole United States was \$581,000,000, and of this \$255,000,000 was due to our commerce with Canada. It supplied 44 per cent. of the balance rolled up by our commerce with the whole world.

"The capacity of the people of Canada to stand behind whatever makes for good government and real social

progress is born in the fibre of the races from which they spring. It has been demonstrated in the building up by their own efforts of the splendid empire in America in whose capital we are assembled to-day. It is no slight tribute to them to say that they have scored notable successes over older and more powerful governments in at least three directions. The great problem of harmonizing race differences, most baffling to any civilization, has been solved satisfactorily here. You have a true spirit of nationality and a true national unity. The harmonizing of religious and secular instruction, under the guardianship of the state is perhaps more difficult still. That, also,

you have done. In the enforcement of law, the first and often the most neglected duty of a state, Canada stands in the foremost rank. Not only do the courts do justice speedily and fearlessly, not only is the name of the Northwestern Mounted Police a sym-

"The people of the two countries, close kin by blood, inheritors of a common tradition and charged with a like mission in the world, should not misunderstand each other. There is no proper place for jealousy or hostility between them. A consciousness of the



HEAD OFFICE BUILDING, ROYAL TRUST COMPANY, MONTREAL

bol of honor outside your borders as well as within, but it stands to your credit that you have put into effect a method of composing difficulties between employer and employee that saves the interests of the public from being crushed in the reckless conflict of these two forces when they clash. These alone are achievements, if there were no other, upon which every citizen of Canada might rest with legitimate pride.

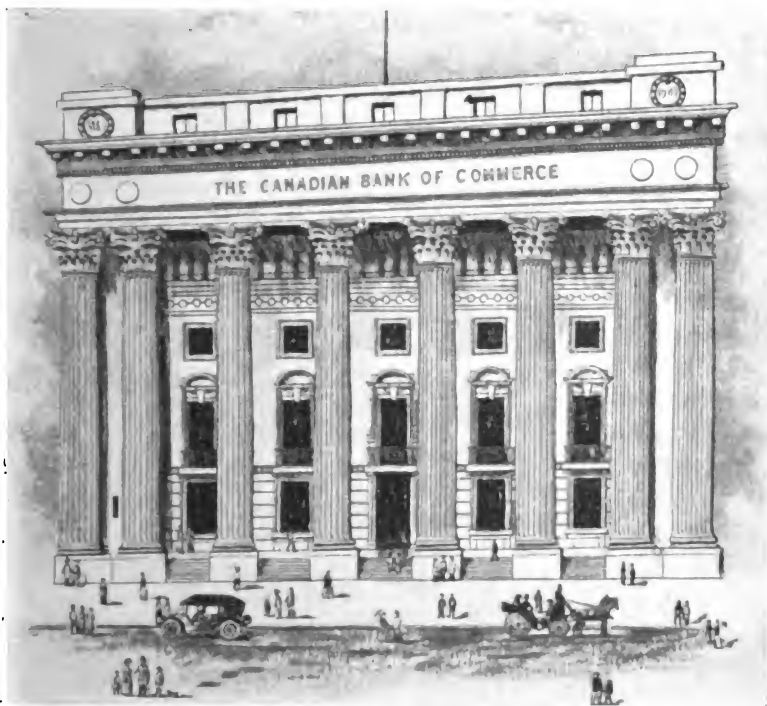
work that both have to do in the world may well lead them to take counsel with each other without cost to patriotism or pride on either side. New issues will come, new emergencies will arise. None of us is wise enough to foresee the world problems yet below the horizon or the part in their solution that Canada and the United States may be called to play. But we do know that toward this unknown future they should march shoulder to shoulder



MERCHANTS BANK OF CANADA—HEAD OFFICE, MONTREAL



CANADIAN BANK OF COMMERCE, WINNIPEG BRANCH



CANADIAN BANK OF COMMERCE, MONTREAL BRANCH



ROYAL BANK OF CANADA—LONDON OFFICE, PRINCESS ST., E. C.

The property of the Bank of England, in which the Royal Bank of Canada has obtained ground floor offices under a long lease.

without suspicion and with mutual esteem and respect. Though we live each with his own name and his own flag, it is fitting that, in the unending procession of human events, the two countries that now dominate the industry and the progress of this continent should be the leaders of the new world, in everything that stands for the prosperity and peace of mankind."

THE CONVENTION.

The official programme of the convention included addresses of welcome by Hon. Martin Burrell, by Hon. J. A. Ellis, Mayor of Ottawa, and by Col. D. R. Wilkie, president of the Canadian Bankers Association and president and general manager of the Imperial Bank of Canada.



NEW HEAD OFFICE BUILDING OF THE BANK OF TORONTO

Hon. W. T. White, the Dominion Minister of Finance, replying to some of the complimentary allusions of the guests to Canada and her institutions, said that the people of the two countries had been good neighbors, and expressed the belief that the bond of friendship between them would not be broken, as it rested on a common basis and mutual understanding.

Hon. Rodolphe Lemieux of Ottawa, ex-Postmaster-General, characterized the meeting as a family gathering.

Reports were made by Secretary Henry and Treasurer Schenck, and addresses by the following: Hon. C. A. Pugsley, president of the association; Hon. George E. Roberts, Director of the Mint; George Grafton Wilson, Ph. D., Professor of International Law, Harvard University; James J. Hill, St. Paul, Minn.; Hon. Robert L. Owen, chairman Committee on Banking and Currency, United States Senate; Hon. R. Lemieux, ex-Postmaster-Gen-



BANK OF BRITISH NORTH AMERICA—HEAD OFFICE IN CANADA, MONTREAL, QUE.



THE DOMINION BANK OF CANADA—NEW HEAD OFFICE
BUILDING IN COURSE OF CONSTRUCTION, TORONTO

eral of Canada; Professor L. H. Bailey, Director New York State School of Agriculture, Cornell University.

Robert H. Treman, president of the Tompkins County National Bank, Ith-

aca, was elected president; James H. Perkins, president National Commercial Bank, Albany, vice-president, and L. W. Burdick, cashier First National Bank of Gouverneur, treasurer.



Canada's Trade With The United States

ACCORDING to a report of the Bureau of Foreign and Domestic Commerce, Department of Commerce, the United States ranks second as a customer for Canadian products and first as a supplier of Canadian needs.

In 1868, the year of federation, the United States took 47.9 per cent. of Canada's total exports; in 1880, 37.9 per cent.; in 1890, 41.9 per cent.; in 1900, 35.7 per cent.; in 1910, 37.35 per cent., and in 1912, 38.23 per cent. Of Canada's imports in 1868, the United States furnished 33.77 per cent.; in 1880, 40.33 per cent.; in 1890 45.99 per cent.; in 1900, 59.17 per cent.; in 1910, 58.81 per cent.; and in 1912, 65.09 per cent. Canada buys more from the United States than from all other nations combined. In spite of tariff preferences, Great Britain's share of the market has steadily declined before the advance of American goods. Geography has been too much for tariffs. The bulk of Canadian imports is furnished by the United States, and we would also take the bulk of the exports except that Canada has little to sell that is not also produced in our own country, and we require Canada's exports only to relieve a shortage in lines we already produce.

To-day the United States takes almost the entire exports of Canadian

minerals of all kinds, the bulk of its forestry exports, over half of its exports of manufactures, and a third of its fishery exports. The United Kingdom is the principal market for its agricultural and animal products. The larger takings of Canadian wheat constitute the principal factor that makes England loom larger in the export trade, and the prospects are that in the future the United States will take a much larger proportion of this article.

In 1912 the United States bought from Canada in largest quantities the following: Planks and boards, silver, gold, pulp wood, breadstuffs (wheat, etc.), hay, hides and skins, copper and wood pulp. Canada is a country in the making, and requires large amounts of ironwork for its buildings, railroads, bridges, factories, etc., and the main exports from the United States to Canada consist of manufactures of iron and steel. Next comes coal and coke, of which Canada is the largest importer in the world, and its purchases from the United States amounted to \$41,102,569 in 1912. Other large imports from the United States were wood and its manufactures, breadstuffs (corn, etc.), oils, drugs and chemicals, raw cotton, gutta-percha and its manufactures, cotton goods, fruit and leather and its manufactures.

The New Banking Bill

WHAT is popularly considered as the Administration banking bill was introduced in both houses of Congress on June 26. The measure is so very long, and was received so late, that it is not possible to present the text complete in this number of the MAGAZINE. Since the first announcement of its provisions appeared in the newspapers the bill has undergone many modifications and it will no doubt be

further amended in its way through the House and Senate.

The bill provides for a number of Federal Reserve Cities and the organization therein of Federal Reserve Banks. At the outset the number of cities so designated shall be not less than twelve, which number may be increased by the reserve bank organization committee (to be composed of the Secretary of the Treasury, Attorney-

General and Comptroller of the Currency). Existing national banks and those hereafter organized are required to subscribe for stock in the Federal Reserve Bank of their district, contributing for such purpose one-fifth of their capital; minimum capital of a Federal Reserve Bank to be \$5,000,000. State banks and trust companies may also be allowed to become subscribers for the stock. Control of the Federal Reserve Banks is vested in a Federal Reserve Board, composed of nine members—including the Secretary of the Treasury, Secretary of Agriculture, Comptroller of the Currency, three members appointed by the President of the United States, and three chosen by electors of the Federal Reserve Bank.

Earnings of the Federal Reserve Bank are to go one-half to the shareholding banks and one-half to the Government until the banks receive five per cent. One-half of net earnings shall be paid into surplus fund until it equals twenty per cent. of capital; the excess of net earnings over these requirements going to the Government.

Present national bank-note issues are to be retired and, extending over a period of twenty years, the two per cent. bonds securing these notes are to be exchanged for three per cent. bonds without the circulation privilege. The notes are to be replaced by a like amount of Treasury notes and an additional issue of \$500,000,000 of "Treasury" notes to be loaned to the banks on the security of certain designated

commercial paper; banks paying out the notes are required to set aside $33\frac{1}{3}$ per cent. in gold or lawful money as a reserve against the notes so paid out.

Provision is made for rediscounting commercial paper with Federal Reserve Banks at a rate of discount fixed by these banks, subject to the approval of the Federal Reserve Board.

Federal Reserve Banks are to take over Government deposits.

Reserves of "country" banks are gradually to be deposited in Federal Reserve Banks, but five per cent. is to be kept in the vaults of the "country" banks, five per cent. with Federal Reserve Banks, and five per cent. either with such banks or with national banks in central reserve cities. The provision regarding the reserve city banks apparently contemplates that ultimately the reserves of these banks shall be turned over to the Federal Reserve Banks, while the central reserve city banks are required to keep ten per cent. reserves in their own vaults, and an additional ten per cent. either in their own vaults or as a deposit with the Federal Reserve Banks.

National banks outside of reserve and central reserve cities are permitted to make loans on real estate.

National banks with a capital of \$1,000,000 and upwards are authorized to establish foreign branches.

These are the outlines of the new bill, which will be more fully explained and discussed in the August number of THE BANKERS MAGAZINE.

A Bright New House Organ

ONE of the modern means of disseminating information about a bank is the house organ, and one of the brightest of these recently coming to notice is "Number Forty," a monthly magazine devoted to the interests of the National Nassau Bank of New York. It is exceedingly well edited and gives a great deal of useful and

interesting information about the bank and those who do the institution's work.

Such a publication is not only entertaining, but serves a decidedly valuable purpose in cultivating a spirit of courtesy and efficiency among the bank's staff.



SAN DIEGO, CAL., SHOWING BUSINESS DISTRICT, PART OF BAY, POINT LOMA AND AVIATION FIELD

San Diego—The City of Opportunity

By W. B. WHITCOMB OF THE FIRST NATIONAL BANK, SAN DIEGO, CAL.

BEING the first port of call from the Panama Canal, the terminus for the short-line route to the Gulf of Mexico, and also for the Southern low altitude railroads, suggests that San Diego will be the trans-canal and trans-continental competitive point, and that Nature has recorded a victory in rightfully locating the harbor of San Diego.

The harbor has natural channel waters, deeper and wider than those of Baltimore, Boston or Philadelphia, and only excelled by four other American harbors in these respects. When compared with any of the world's greatest ports, it can be proven conclusively that none possess better opportunities for facilitating business.

The confidence in our harbor has been expressed by our people. On

November 14, 1911, 7,290 voted "yes" and 183 "no"—a ratio of forty to one—on the proposal to issue one million dollars in bonds to inaugurate construction work on a new pier system. This indicates the attitude of our people as to the possibilities of this harbor. This work is now under way.

San Diego owns her water frontage. Forty 1,000-foot concrete piers will be constructed opposite the commercial district as commerce demands. Construction of bulkheads will permit reclamation of 1,350 acres of land which will be owned by the city. Warehouses, factories and municipally-owned belt-line railroads will occupy the reclaimed territory. No port in the world will possess superior facilities. The harbor contains twenty-two square miles.

The expression "via canal," which will soon have preference over that of "trans-continental," is causing San Diego to come into her own. This harbor city will be supplied with commerce from the greatest irrigation systems in the world. Modern transfer and transportation facilities are being provided which will make San Diego

lution within three years has builded here a city of 80,000 people. We announce this fact and challenge any city in the United States to equal the ratio of our building permits, which now yearly exceed \$140 per capita. The year 1910 represents \$4,005,200, 1912 representing \$10,001,415. These figures would indicate a relative in-



U. S. GRANT HOTEL, SAN DIEGO, CAL.

the privileged port of the coast as determined by its geographical location.

RAPID INCREASE IN POPULATION AND BUILDING.

The ability of a shore-line city to attract trade determines the growth of any commercial port. Harbor utilities, capital, freight-producing territories and transportation facilities are the essential units. San Diego now registers the fact that she is preparing to thus qualify. A two-fold increase in popu-

crease in population and building permits when the canal gates are open for business. Just then, commercial San Diego has its commencement, entering the competitive fields equipped with modern harbor facilities and a new Eastern railway. Shipping destined to the Southwest will then be attracted to this port.

If you believe that the Pacific is going to be the theatre of commerce, the canal the channel for the Orient-Atlantic seaboard trade, or that sea-ports are to be the transfer depots for



SAN DIEGO, CAL.—UNLOADING TIES—MCCORMICK LUMBER COMPANY'S WHARF

the Panama ditch, or if you even admit that this tremendous Government investment will be the equalizer of trans-continental freight, then you acknowledge the claim of this harbor that her name will be found among the principal seaports of the world.

FAVORABLE LOCATION FOR COMMERCE.

The commerce of the Southwest rightfully belongs to the harbor of San Diego. The citrus products of Southern California exceed 40,000 carloads. One hundred thousand acres is credited with this entire production. The census reports determine the center of this industry at only forty miles greater distance from this harbor than its nearest seaport landing. One hundred and twenty miles east of this city lies the famous Imperial Valley. Four million dollars have been expended to irrigate 425,000 acres, of which over one-half is now extensively cultivated. Across the Mexican border is another

coast imports and exports by reason of 300,000 acres. Bonded products for export will be transferred at San Diego. Five million dollars for the construction of an irrigation system has been expended on the Government project at Yuma. To the east is another immense valley which is to be irrigated by a Government plant costing nine and a half million dollars. The Roosevelt dam, now complete and considered the largest in the world, conserves water for the land about Phoenix. The cotton markets of the Orient will be supplied from these sections.

The San Diego & Arizona Railroad is being built at a cost of \$10,000,000 to serve these commerce producers. The highest possible standard is being used in its construction. It is the lowest grade and shortest route of any trans-California line. The vast amount grain, cotton and produce raised in the irrigated districts previously mentioned will be shipped over this new road to San Diego, and vessels bound

for the Orient, calling at San Diego, will discharge local cargo, replacing same with this freight.

AS A RESORT.

As a resort, both winter and summer, the tourist and pleasure-seeker has just begun to realize that San Diego is an excellent place to spend the winter, and they find San Diego one of the few places in the United States where the heat is not oppressive during the summer months.

EVIDENCES OF PROGRESS.

San Diego has eighteen theatres; one theatre erected at a cost of \$1,000,000, has a seating capacity of 2,000; another costing \$175,000, seats 1,400. Another stock company theatre costing \$120,000 has been recently completed; there are three of the largest and most modern moving-picture houses in the West; also high-class vaudeville theatres.

The Y. M. C. A. has just completed a splendid structure costing \$250,000. All lodges are represented in San Diego, the Masons, Elks and Pythians each having elegant structures of their own. We have two business men's social clubs, one associated college club, one political club, several golf and country clubs, ten ladies' literary clubs. Each organization occupies a commo-

dious home; there are seven musical clubs; one of the yacht clubs has quarters costing \$60,000.

San Diego County has one of the finest boulevard systems in the United States, costing the county \$1,250,000, with no grade over seven per cent., and with fifty miles of ocean front touring, forty miles of which is at an elevation of 8,000 to 4,500 feet; also miles of speedway along the valleys of low altitude. The contour of the country presents an ever-changing scene.

For hotel accommodations San Diego probably surpasses any city of its size in the United States. The famous Hotel del Coronado is world-renowned and cost \$1,500,000. Two million dollars represents the cost of the U. S. Grant Hotel. The new San Diego Hotel has just been completed at a cost of a half million dollars. There are a large number of smaller hotels and during the year 1912 there were 163 modern apartment houses erected

OUR EXPOSITION.

Every day of the year 1915 San Diego will present the most unique exposition of history—"an exposition of opportunity." It will portray the progress of all people through all ages by demonstrations in action of the processes they have employed. There will be no displays of products. The exposition will teach how things are done.



SAN DIEGO, CAL.—PART OF BUSINESS SECTION

In no sense is it designed to show the finished products. It will reveal the opportunities found in the great West—opportunities for home building and profitable investment based upon the sure guarantee of the completion of the

a magnificent park of 1,400 acres in the heart of San Diego. This location is a plateau overlooking the city, bay and ocean with the coast range mountains of California and Mexico as a background.



SAN DIEGO, CAL. PANAMA-CALIFORNIA EXPOSITION, 1915

Panama Canal. Every Western State and nearly every Latin-American country affected by the canal will have exhibits showing what they have to offer the homeseeker and the investor.

This exposition is being built now, although it is to be opened January 1, 1915. The site comprises 615 acres in

Already occupied are Administration, Service, Restaurant and Hospital buildings. In course of erection are the great exhibit buildings. The grounds have been graded, thousands of trees planted and in the mammoth nurseries over a million and a half plants are growing.

The San Diego Exposition is to be unique in every detail, the idea and treatment being novel and beautiful.

SAN DIEGO AS A MANUFACTURING CENTER.

The opportunities in San Diego are unlimited for the manufacture of food

back country people, who use hundreds of carloads each year. Large quantities of material for the making of fine fertilizer can be found here, such as guano, kelp and offal from the fish canneries. We have a number of foundries, machine shops, sash, door and planing mills, lumber mills, furniture and fixture factories, metal, sash and door factory, an oil refinery making a high grade of gasoline, benzine, kerosene and distillate. The West Coast Gasoline Engine Company is one of our largest manufacturing enterprises, making an engine which is without an equal in the United States. The Savage Tire Company has just completed a new factory building, and now turns out a tire of excellent quality. This is the first automobile tire manufactured west of Chicago.

SAN DIEGO'S BANKING INSTITUTIONS.

Deposits of San Diego banks for 1912 exceed those of 1911 by more than \$6,000,000. Clearings increase \$15,000,000.

Growth of Deposits.

1909	\$9,565,000
1910	11,016,000
1911	14,104,000
1912	20,670,000
May 1, 1913.....	21,097,000

Growth of Clearings.

1909	\$2,094,521.82
1910	67,172,976.23
1911	86,724,333.47
1912	131,894,087.37

The bank deposits of San Diego for the year 1912 exceeded those for the year 1911 by more than \$6,500,000. The bank clearings for 1912 exceeded those of 1911 by \$45,000,000, which is a fifty per cent. increase over the previous year. These two facts show what San Diego banks are doing, how San Diego is growing, and give some idea of the financial strength of local institutions.

If pride was ever pardonable, it is the pride the business men of San Diego have in the city's monetary institutions for the reasons stated above.



AMERICAN NATIONAL BANK, SAN DIEGO, CAL.

commodities, such as jams, jellies, preserved fruits, catsup—for the tomato can be grown the year around—fish canneries, some of the finest fishing banks known being off the coast of San Diego; vinegar factories, making white wine vinegar from the tons of grapes which are going to waste every year in this county. We must have fertilizer plants to furnish fertilizer to our



TIMKEN BUILDING, SAN DIEGO, CAL.

Deposits, the primary and basic stone of the structure of any banking house, have shown what the city has done in the way of growth financially.

In 1905 the bank deposits of San Diego institutions totalled \$5,388,518.58. In 1906 the total deposits were \$6,948,972.05. In 1907 they were \$7,028,322.65. In 1908 they did not show much of a gain, the total deposits being \$7,151,375.77. This inactivity was doubtless the result of the

slight stringency in the money market in 1907, but 1909 came forward with a gain of nearly two and one-half million dollars, the total deposits for that year being \$9,565,634.74. The total deposits for 1910 were \$11,016,000, showing a gain of a million and a half over the previous year. In 1911 the deposits jumped to \$14,104,588.38, showing a gain of twenty-eight per cent. over the previous year, and 1912 shows an increase of more than any

Statement of Banks May 1st, 1913.

	Capital.	Surplus and Und. Prof.	Deposits.	Total Resources.
First National Bank.....	\$150,000	\$281,655.46	\$3,656,934.76	\$4,250,372.38
Merchants National Bank.....	100,000	452,176.37	2,415,000.00	3,096,000.00
Bank of Commerce & Trust Co....	500,000	247,589.05	3,390,455.04	4,155,098.76
Blochman Banking Co.....	75,000	21,257.02	649,280.54	754,280.67
American National Bank.....	200,000	172,000.00	1,905,000.00	2,506,000.00
S. D. Savings Bank.....	200,000	268,219.76	3,791,848.41	4,328,327.17
Cit. Savings Bank.....	100,000	31,934.28	940,923.58	1,082,194.44
So. Tr. & Sav. Bk.....	250,000	98,540.45	2,544,000.00	2,982,020.73
Marine National Bank.....	100,000	54,836.02	1,342,767.20	1,538,485.95
Univ. Ave. Bank.....	50,000	7,788.00	461,563.00	520,044.39
Total	\$1,725,000	\$1,636,005.41	\$21,097,772.53	\$25,212,824.49

two previous years combined, the deposits being \$20,670,000, a gain of six and one-half million. The first four months of the present year show a gain of nearly a half million.

This is a showing which few cities the size of San Diego can equal and it tells eloquently of the city's progress and of the strength of its financial institutions.

The bank clearings of the past few years tell the same story from a different angle, the bank clearings of a city showing the actual commercial activity. In 1909 the clearings were \$52,094,521.82. In 1910 the total clearings were \$67,173,976.23. In 1911 the clearings totalled \$86,724,333.47, and in 1912 they jumped to \$131,894,087.37. The gain of 1911 over 1910 was nearly \$20,000,000, while 1912 shows a gain of forty-five million, or fifty per cent. over 1911.

These figures tell graphically more than could words what has been happening in San Diego during the past

few years. This shows that thousands of newcomers are engaging in business and making their homes in San Diego. It shows that the banks are in a prosperous condition and that the people have great faith in the monetary institutions of San Diego.

Officers of the commercial banks report that during 1912 and the first four months of 1913 a very large number of new accounts were opened. The size and the satisfactory nature of the accounts show that the vast number of newcomers are people of means and thrift, that they are substantial and that they are contributing their share toward strengthening the city's banking business.

The reports of the larger banks on payroll accounts show how the city is progressing and that thousands are receiving good salaries that were not being paid two years ago. The savings banks report a large increase in the number of accounts, a proportionate increase in the size of the accounts.



HOTEL DEL CORONADO, SAN DIEGO, CAL.

and a general condition better than that of a year ago.

San Diego's banks were never in a better condition than now. The figures for the past year compared with the year before show the volume of business done and the rate of increase. In

no city of the State are banks more solid and endowed with better resources. So the city of San Diego points with pride to her banks and bankers and with special pride to the figures which tell what they have done in the past two years.

The Soul of Business

MR. MORGAN was an extremely reticent man; few persons of his eminence within recent generations have left so small a quantity of recorded words by which to judge their minds and characters. Probably more than he had said publicly elsewhere during the last half of his lifetime came out during his recent examination by the Pujo Committee at Washington; and the qualities it expressed gave an impression such as any man might be happy to leave with his contemporaries. Mr. Morgan's words in answer to the examiner's questions are as follows:

I know lots of men, business men, too, who can borrow any amount, whose credit is unquestioned.

Is that not because it is believed that they have the money back of them?

No, sir; it is because the people believe in the man.

And it is regardless of whether he has any financial backing at all, is it?

It is very often.

And he might not be worth anything?

He might not have anything. I have known a man to come into my office and I have given him a check for a million dollars when I knew he had not a cent in the world.

There are not many of them?

Yes, a good many.

Commercial credits are based upon the possession of money or property?

Money or property or character.

Is not commercial credit based primarily upon money or property?

No, sir; the first thing is character.

Before money or property?

Before money or anything else. Money cannot buy it.

So that a man with character, without anything at all behind it, can get all the credit he wants, and a man with the property cannot get it?

That is very often the case.

But is that the rule of business?

That is the rule of business, sir.

If that is the rule of business, Mr. Morgan, why do the banks demand—the first thing they ask—a statement of what the man has before they extend him credit?

That is a question which—that is what they go into; but the first thing they say is, I want to see your record.

Yes; and if his record is a blank the next thing is how much he has got?

People do not care then.

For instance, if he has got government bonds, or railroad bonds, and goes in to get credit, he gets it, and on the security of those bonds, does he not?

Yes.

He does not get it on his face or his character, does he?

Yes, he gets it on his character.

I see; then he might as well take the bonds home, had he not?

A man I do not trust could not get money from me on all the bonds in Christendom.

That is the rule all over the world?

I think that is the fundamental basis of business.

These are wholesome words, expressed with the directness of a strong and simple soul. They express the idea of business that was held by the man who in his time bestrode the world as the very apotheosis of business.—*Collier's Weekly*.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT



COMMERCIAL NATIONAL BANK, RALEIGH, N. C.

New Home of the Commercial National Bank, Raleigh, North Carolina

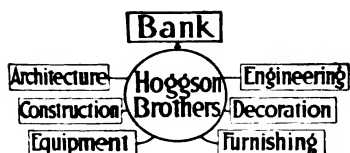
THE Commercial National Bank of Raleigh, N. C., will celebrate its twenty-first birthday September 30 in extremely handsome style, for it is to occupy its own building, Raleigh's first skyscraper, and is to have quarters not surpassed in any respect by any bank in the South.

The building is ten stories, and contains the bank, two stores and ten office floors,

carrying a total of 180 rooms. There is a special entrance to the bank and one to the office section, and in the latter section will be located some of the foremost insurance companies in the State, as well as other prominent concerns.

The design of the bank building is the work of P. Thornton Marye of Atlanta, who has done much important work in Raleigh. The building is of steel con-

Reserves in Stone and Steel



Part of a Bank's strength is well shown in the outward expression of that strength.

A substantial building helps to impress a bank's standing upon a community,—in terms of enduring construction.

Our work includes every detail, from preliminary drawings to occupancy. We take every worry and assume all responsibility—with a limit of cost to you and a limit of profit to us.

Write for book — the Hoggson Single Contract Method.

We Build from
Coast to Coast

HOGGSON BROTHERS

7 East 44th St. : New York City

National Shawmut Bank Building : Boston

First National Bank Building : : Chicago

A NOTABLE BOOK

The Economic Causes of Great Fortunes

By ANNA YOUNGMAN

This is a thorough study of this important subject. Miss Youngman, who is connected with the department of economics at Wellesley College, has given her subject careful study and close research. Her book will be read with interest and profit by all students of economic subjects.

The New York "Times" said editorially: "There is nothing feminine about this book. Dr. Youngman may take her seat beside Ida Tarbell, who knows how to impress herself upon her times even without voting."

"The Nation", May 12, 1910, said: "Marked by intellectual balance in discussion and judicial care in the statement of facts."

The book is issued in attractive and readable form, making a volume of 200 pages, bound in red cloth, with title in gold. The price is \$1.50 net.

THE BANKERS PUBLISHING COMPANY

258 Broadway

New York City

DOTEN-DUNTON

ARTISTIC FURNITURE *for* BANKS & OFFICES



Because we design and make exclusive types of furniture and fittings for Banks, Offices and Public Buildings—do not get the idea that our products are limited to this class of work.

Our Complete Standardized Outfits are made in various styles, at prices to suit all requirements. You can select a complete outfit or separate pieces from any of these and still obtain “Doten-Dunton quality.”

Let us know your wants, — we will send you full information and our book containing photographs of some of the offices where our furniture has been installed also the address of our agency nearest you where you can see Doten-Dunton furniture.

Doten-Dunton Desk Co., 29J Arch Street, Boston, Mass.

struction, and of concrete, brick, granite, Indiana limestone and terra cotta, its front being 90 feet and depth 120. The base is of granite, Indiana limestone being used for the first floor, tapestry brick and terra cotta for the remainder of the work.

The banking room will easily be one of the handsomest in the South and the mural decorative work is done by some of the best artists in the country, the material used being what is known as travertine. The cost of the building, vaults and furniture approximates \$300,000. The construction is

The Commercial National Bank of Raleigh, N. C., is the worthy successor of the Commercial and Farmers Bank, which was organized as a State bank September 30, 1891, with a paid-in capital of \$100,000.

In February, 1908, the bank became a national institution, with a capital of \$100,000, surplus and profits \$118,861.99, deposits \$676,992.43. In March, 1910, the capital was increased to \$300,000, with surplus and profits \$84,344.86; deposits, \$730,195.91.

The following figures show the steady growth of this bank since its organization:

	Capital.	Surplus & Profits.	Deposits.	Total Resources.
Sept. 30, 1892.....	\$100,000	\$17,965.16	\$137,504.83	276,244.29
Sept. 30, 1897.....	100,000	27,840.97	267,083.42	453,963.57
Sept. 30, 1902.....	100,000	53,284.31	375,315.17	575,429.95
Sept. 30, 1907.....	100,000	113,249.58	625,732.05	904,497.68
Sept. 30, 1912.....	300,000	*115,716.69	1,247,567.62	1,871,105.45

* Dividend of 100 per cent. when capital was increased to \$300,000.

fireproof and all of the fittings and equipment the last word. There are three elevators within the building, one extending to the deep basement and all going to the



B. S. JERMAN

PRESIDENT COMMERCIAL NATIONAL BANK,
RALEIGH, N. C.

roof. On the roof will be an electric searchlight of very high power, the flash from which, it is estimated, will be seen for some fifty miles.

The banking room carries two of the largest steel vaults in the State, one for money and the other for safe deposits, and there are special booths for customers, also telephone booths and waiting rooms for them.

The stockholders have received in dividends since organization \$298,950, and the last published statement showed surplus and profits of \$129,569.31; total resources, \$2,028,937.41.

For more than twenty-one years this bank has been one of the strong and reliable financial institutions of North Carolina's capital city, Raleigh, and in no small measure it is due to the conservative and progressive spirit of this bank that Raleigh has become one of the leading towns in the South.

The Commercial National Bank has the largest capital and surplus of any of the eight banks of Raleigh, and its present officers are: President, B. S. Jerman; vice-president, Alfred A. Thompson; cashier, E. B. Crow; assistant cashier, A. P. Bauman. Amongst its directors are some of the



E. B. CROW

CASHIER COMMERCIAL NATIONAL BANK,
RALEIGH, N. C.

leading financiers and business men of Raleigh and the State of North Carolina.

The bank is proud of the fact that most of its directors and all of its officers have been connected with the bank since its organization in 1891.

B. S. Jerman, president, was the first cashier and is considered not only one of the leading bank men of Raleigh, but of the State as well, a man of force whose judgment and integrity can be relied upon.

A. A. Thompson, vice-president, has filled this position since 1891 and is one of the leading business men of the State, being president of two large cotton mills and interested in many of the leading enterprises of the city.

E. B. Crow, cashier, started as collector and has filled every position in the bank with credit to himself and the bank.

A. P. Bauman followed Mr. Crow as collector and now holds the important position of assistant cashier and teller.

Raleigh is rapidly becoming a special agency center and the erection of this splen-

did building, with its 180 offices, brings to the city many important agencies, and in this respect alone, the building is a very important addition to Raleigh.

The exact date of the twenty-first birthday of the Commercial National Bank is September 30, and by that time the bank will occupy its magnificent banking room. The remainder of the building is now completed, except the decorations.

The country business done by this bank shows not only the possibilities along this line, but also the importance of farmers as bank customers, as they are in splendid financial condition and are to a large extent only now beginning to really use the banks, their confidence bringing to light great sums of money which have been out of circulation.

The "Commercial" is known as the "Welcome bank" on account of the courteous treatment given to every one who comes within its influence. Its cardinal points are safety, promptness, liberality and courtesy.

Union Bank and Trust Company, Phoenix, Arizona

CONSEQUENT upon the prosperous development of its city and State, with a gratifying growth of its own business, the Union Bank and Trust Company of Phoenix, Arizona, has found it advisable to make a very marked increase of capital and to effect a general reorganization of the institution. Heretofore the capital has been \$50,000, but it is now proposed to raise the amount to \$1,000,000, a large part of which was promptly subscribed as soon as announcement of the increase was made.

This addition to the capital of the Union Bank and Trust Company will make this the bank of largest capitalization in Phoenix and will greatly add to the ability of the institution to meet the demands of those who deal with it.

The Government is expending large sums on irrigation projects in the vicinity of Phoenix, and when these enterprises are completed the productivity of the country will be greatly increased and prosperity and business activity will rapidly follow. It has been deemed wise by the new management

of the Union Bank and Trust Company to prepare in advance for this new era of development, for it is the policy of the company to aid in the upbuilding of the city and surrounding country, and with this end in view the officers are persistent advertisers of Arizona and the advantages it offers to immigration, capital and enterprise.

The enlargement of the capital of the Union Bank and Trust Company is a part of the progressive programme initiated by the new management under the leadership of the president, J. K. Tennant, who has been prominently and successfully identified with important financial enterprises on the Pacific Coast, and whose constructive efforts have been warmly approved in numerous letters received by Mr. Tennant from many leading bankers of that section of the country. The new officers of the Union Bank and Trust Company are: President, J. K. Tennant; vice-president, John P. Orm; cashier, A. H. Klein.

Where Is The Money?

THIS is the query propounded by the Boston "Transcript," and it gives the following answer:

Certainly it has gone into neither stocks nor bonds. Real estate absorbed a good deal of it back at the end of 1911 and during the opening months of 1912, but from the condition of the real estate market since that time it is plain that little outside money has gone into real estate during the past year or so. Is it possible, then, that as profits have been made they have been put back into the business—that is, invested, so to speak, in "bricks and mortar"? That, necessarily, is a matter of opinion. In some parts of the country, undoubtedly, especially in the Middle West, business prospects have been regarded so favorably that manufacturers very generally have been utilizing surplus earnings for the enlarging of capacity. But if that has been the case here in the East, building and other records do not show it. For the better part of a year now, it must be borne in mind, radical revision of the tariff has been a practical certainty. That has had the effect, even where business was good and satisfactory profits were being made, of restricting any disposition greatly to enlarge ca-

capacity. Taking it all in all, the past couple of years have not seen any very great proportion of business profits tied up in what are known as fixed forms of investment. In plenty of cases small companies have enlarged their plants, but the really big corporations have not tied up any great amount of money that way. And as to the railroads, there has been less new construction than at any time for years.

The fact that $4\frac{1}{2}$ per cent. bonds of a road like the St. Paul go begging for buyers at less than par, or that investors refuse to be attracted by standard dividend-paying railroad stocks, yielding 6 per cent., is no proof that there is no accumulated capital awaiting investment. In the hands of the banks who hold it at present, it is utterly unavoidable for that purpose—might as well, to all intents and purposes, not exist. But from an investment point of view, to reckon this great fund of capital as non-existent would be a very great mistake. None the less, because the owners of the money do not want to invest it in securities at present and the custodians of the money dare not so invest it, does this fund constitute a potential buying power of very great strength?

Bank Publicity Association

AT a meeting of the Bank Publicity Association of New York on June 4 these directors were chosen: W. E. Purdy, Chase National Bank; E. A. Bennett, American Exchange National Bank; Charles E. Meek, Fourth National Bank; E. B. Wilson, Bankers' Trust Company; Horace Anderson, Title Guarantee and Trust Company; H. A. Dunn, Columbia

Knickerbocker Trust Company; J. T. D. Cornwell, Peoples Trust Company, Brooklyn; N. P. Gatling, Chatham and Phoenix National Bank; F. W. Ellsworth, Guaranty Trust Company.

At a subsequent meeting the following officers were elected: E. B. Wilson, president; N. P. Gatling, vice-president; E. A. Bennett, secretary; H. Anderson, treasurer.

FOREIGN BANKING AND FINANCE

European

OVERLOANED AND OVERARMED

UNDER this heading, "The Economist," a conservative London financial journal, said in its issue of May 24:

The world is overloaned and overarmed. That, we think, is the opinion of shrewd observers in the city, and it is an opinion which must be reflected and shared by leaders in commerce and finance all the world over. This is a mechanical age, an inventive age, a spending age, an age in which all the capital that can be supplied, all the surplus savings, all the liquid resources of rich countries are greedily absorbed and swallowed. If the money could be employed in reproductive works or in the promotion of public utilities, all would be very well, for the liquid fund of capital (*i. e.*, the saved surplus) would grow larger year after year, expanding with every expansion of industrial activity. But, alas! war and armaments, the twin ogres of our barbaric civilization, are greedily devouring a

larger and larger share. We may admire the marvellous inventive skill which is applied with such horrible success to the manufacture of military, naval and aerial appliances for the destruction of life and property; we may glory in the patriotism which in every nation is called into being to support this rivalry at all sacrifices and all costs. But at the same time, every sober-minded man must recognize in speeches like that which Mr. Pease, our Minister of Education, gave to the Peace Society a note that ought to be struck boldly and loudly in every centre of enlightenment. Let us combine patriotism with common sense. Let us exhibit also a larger patriotism, and do our best as a civilized nation to check a process which can only lead society to bankruptcy or burial. Let us ask great statesmen like Mr. Asquith and Sir Edward Grey to take without delay some remedial step.

Something has been done, and far

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Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$363,000.00

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Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

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Banco Central Mexicano

CITY OF MEXICO, MEXICO, D. F.

Established 15th February, 1899

Capital
\$30,000,000

Reserve Fund
\$7,500,000

BANKING BUSINESS TRANSACTED IN ALL ITS BRANCHES.

ORDERS for Sale and Purchase of Securities in Mexico Executed.

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CASH BONDS issued for \$100, \$500 and \$1,000 without coupons, payable at six months, besides Cash Bonds payable at twelve, eighteen and twenty-four months with half-yearly coupons, both kinds bearing interest at the rate of 5% per annum.

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the assets of the bank, second only to Government Deposits and prior to those of Depositors. The law requires the bank to hold as security against these bonds an amount equal to the total issue either in cash, gold or silver bullion, readily negotiable securities or Government Bonds.

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LIC. JOAQUIN D. CASASUS, Vice-President

F. PIMENTEL y FAGOAGA, Manager

J. SUTCLIFFE, Sub-Manager

RAFAEL ICAZA y FLORES, Comptroller

F. KLADT, Sub-Manager

J. M. ROBLES, Cashier

Banco Mexicano de Comercio é Industria

Established 1906

CITY OF MEXICO

Capital fully paid up - \$10,000,000.00

Reserve, earned - - - 765,000.00

FOREIGN AND DOMESTIC BANKING

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Will act as agents in the transaction of any approved financial business.

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BANK OF HAVANA

Capital, \$1,000,000

New York Committee

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ALVIN W. KRECH

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**Directorate in Havana
Officers**

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JOSE I. DE LA CÁMARA,

SEBASTIÁN GELÁBERT,

Vice-President

Managing Director

CARLOS I. PÁRRAGA, Secretary

JOHN S. DURLAND, Sub-Manager

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LEANDRO VALDES

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Surplus, \$100,000.00

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more might be done, by our great bankers and finance houses. London certainly has worked hard to check the progress of hostilities in the Balkans by refusing to lend money to belligerents, actual or potential. Paris unfortunately took a different view. But London is not conserving its capital as carefully as it might. No reason has been disclosed for the immense loan of eleven millions to Brazil. We believe that six would have been ample. The remainder is a danger to investors here, and a burden to the groaning and discontented taxpayers of Brazil. It is high time also that a severe discrimination should be exercised against armament loans, of which a peculiarly evil specimen has just been disclosed by the very enterprising correspondent of the "Daily Telegraph" at Pekin. After stating that he has inspected all the documents relating to the mysterious Austrian loan, he gave the following details:

Two loan agreements exist, signed on April 10th. One is for the sum of £2,000,000, made in the name of the Austrian Stabilimento Tecnico Triestino, and the second is for £1,200,000, in the name of the Vulcan Iron Works, of Stettin. Both, however, are negotiated as one transaction through the Austrian Legation.

The first agreement calls for £1,206,000 cash in 45 days after the signature, namely, before May 25th, while the second calls for £329,658 cash at the same interval, the balance being retained by the negotiating houses pending the purchase of torpedo boats. The loan is at 6 per centum interest, issued at a minimum of 100, the Chinese receiving 92 net. The security is a second charge on the land transfer tax, the first

charge being the £300,000 Austrian Poldehütte loan previously negotiated in Vienna, but if the tax, which is still uncollected, fails, the Government undertakes to assign other liquid revenue, namely, the surplus of the salt tax.

So far only £500,000 in cash has been paid over, and it is reported that difficulties have arisen regarding the balance.

Here we have an armaments loan negotiated by the Austrian Legation with China for the benefit of armament firms in Austria and Germany, with whom the proceeds of the loan are to be spent. What does China want with torpedo boats, and what business has an embassy to engage in these sort of transactions? The "Daily Telegraph" correspondent continues:

One identical article in both contracts contains the following significant phrase:—"The Minister of Finance, having obtained the sanction of the Advisory Council to issue a £20,000,000 loan, this issue is considered a part." These contracts, as already pointed out, therefore, inextricably muddle the quintuple position. Austria, in the event of trouble, is certain to claim prior rights over a moiety of the salt revenue, while the Chinese Parliamentary view, that all these contracts, including that for the quintuple loan, are illegal, is immeasurably strengthened by the language of the Austrian agreements, which are both unjustified, as they destroy the Government's right to negotiate an additional £25,000,000.

We have quoted this as an illustration and example of a great and growing evil—the combination of armament and banking interests with diplomacy in order to induce (by means which can be imagined) weak Powers and ministers not always inflexibly disinterested to borrow money for armaments which can

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only do mischief. Everyone will recall the case of the Brazilian dreadnoughts which shelled Rio as soon as they arrived from England. Turkey and Chile are equally notorious cases, and the war in the Balkans has been in one of its aspects a competition between Krupp and Creusot and the groups of bankers which support those eminent manufacturing concerns. It is in this way that the capital resources of the world are being sapped and drained away. The failure of the Chinese loan in Germany is not unconnected with the great capital levy for fortifications and armaments. The recent liquidation in Paris is clearly due to the huge sums which Paris bankers have been raising to finance Balkan War and the civil war in Mexico. The Stock Exchange has been staggered by this last item of twenty millions sterling which the Mexican Government hopes to get (at a usurious rate) from French investors. And the new French military projects will almost certainly involve a large

issue of Rentes in the near future. Can we wonder that in the last year French Rentes have dropped from 98½ to 85½? Can we wonder that capital is becoming scarcer and scarcer, and that many legitimate and highly productive enterprises all the world over are suffering from the evils which we have briefly enumerated? Perhaps some day, when things have got a little worse, the city magnates will meet together to discuss these matters without the assistance of the Navy League, or the airship promoters, or the Conscription League, or the other organizations which exist to prey upon capital and labor, directing their zealous but misguided efforts to the creation of national panics and international jealousies. Is it not possible to divert some of this social energy, which now takes chauvinistic forms and expressions, into the religion and service of humanity? Is it not possible to divert some of these wasted millions to the removal of slums, the prevention of crime, the

nourishment of the young, the care of the infirm, or to the improvement of our towns and our countryside?

Australasian

ROYAL BANK OF QUEENSLAND,
LTD.

AT the ordinary general meeting of the shareholders of this bank held at the head office, Brisbane, April 22, the fifty-fifth report was presented showing net profits for the last half-year, £15,413, to which was added £1,003 carried forward from the preceding half-year.

Commenting on the business of the bank and on business conditions, the chairman of the shareholders' meeting said:

The general business of the bank is sound, satisfactory and increasing. The demand for money during the past half year has been strong. The financial condition of this State, and indeed of Australia, has been increasingly stringent. Among other contributing causes we consider that the great expansion of Australian imports without an equivalent movement in exports, has been largely causing the excessive demand. Of late, the imports have decreased considerably. Country land speculation has created an undue clamor for advances, but, as our chairman intimated to you on a previous occasion, we discouraged such speculations, we think, just in time to instill caution into our clients. Many storekeepers report a slackness in the payment of accounts due to them, which is to a large extent due to payment of land speculation instalments. Interest rates for bank advances and mortgage loans have gradually been raised. Easier monetary conditions cannot reasonably be looked for. The higher rates are moderate, and are not likely to check legitimate business. We should also bear in mind, that for some years past, bank rates for advances

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Authorized Capital ... \$5,000,000

Subscribed Capital ... 2,000,000

Paid-up Capital 1,300,000

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Dr. Guillermo Mazzini
President Director

G. Hommeler
Manager

have been exceptionally low. We have not been under the necessity of pressing any of our clients; we have merely restricted our advances, and are quite prepared to encourage legitimate requirements of our customers and to assist in *bona fide* developments of the State.

Whilst the present good seasons promise good business, we are faced with the possibility of reduced resources by the inducement offered for deposits by the unseemly competition for the savings of our community to be used in Government works. It is generally conceded that reproductive works should be effected by loan money, and the accumulations of the people as represented by savings should be applied to development of the country and the encouragement of secondary industries. Our legislators think differently.

Agriculturists are, thanks to very

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$860,876.00

Deposits, \$3,602,738.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Comers und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

favorable seasons, doing well, and the dairying industry is flourishing. On the whole we may congratulate ourselves upon the fact that business throughout the country is carried on on a sound basis.

CONDITIONS IN AUSTRALIA.

A MELBOURNE correspondent of the London "Economist" states that the monetary position of Australia has recently become easier through the curtailment of advances for new undertakings. Increase in deposits of the

banks of the Commonwealth for the quarter ending with the close of March was less than a million sterling, as against 3½ millions for the corresponding quarter of 1912, over £6,000,000 for the corresponding quarter of 1911, and nearly £6,000,000 for the corresponding quarter of 1910. The March quarter being that in which the seasonal proceeds are at their maximum is usually characterized by relatively large increases in deposits. But if deposits show only a comparatively small increase, advances, contrary to the experience in former years, have been greatly reduced, say, to the extent of about 4½ millions, mainly by the application of seasonal proceeds. It is clear enough that practically no new business has been undertaken by the banks, whose directors have wisely determined to strengthen their position, the consequence being that the excess of deposits over advances is now larger than it has been for a considerable time past. A quite sound position has been regained. The balance sheets of the banks which disclose their accounts as at March 31 are of a satisfactory character. In one case, that of the National Bank of Australasia, the rate of dividend has been raised from six to seven per cent. This movement is suggestive of the position of the preference shares in three banks registered in Victoria, viz., the Bank of Victoria, the Colonial Bank of Australasia, and the National Bank of Australasia. In all three cases, at the time of their reconstruction in

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COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

1893, the preference shareholders became entitled to a dividend at the rate of five per cent. per annum before the ordinary shareholders were entitled to any dividend, and to rank *pari passu* with the ordinary shareholders for any dividend exceeding five per cent. per annum. Preference, as regards capital, is to cease under the following conditions, viz., National Bank of Australasia, when ten half-yearly dividends each at the rate of at least seven per cent. per annum have been paid; Colonial Bank of Australasia, when fourteen such dividends have been paid; Bank of Victoria, when ten such dividends have been paid, with the additional provision that the ordinary shares have to be fully paid up.

A question of some importance is the proposed conversion of the different railway gauges of the country to a standard size, an undertaking which the correspondent above quoted estimates will involve an outlay of £51,659,000.

South Africa

NATIONAL BANK OF SOUTH
AFRICA, LIMITED.

HON. HUGH CRAWFORD presided at the meeting of the shareholders of the National Bank of South Africa, Limited, held in London May 2. This meeting was of interest as being the first since the incorporation of the Bank of Africa, Limited, with the National Bank of South Africa. In the course of his address to the shareholders the presiding officer said:

The Bank of Africa, Limited, was established thirty-three years, and when it is borne in mind that the National

Bank of the Orange River Colony, taken over by us in 1910, had a career of a similar length, it will be realized that we have with us some clients and officials of a standing of about a third of a century. We may compliment ourselves upon the results before us, which show that the bank has been able to materially strengthen its position, and that with its increased capital and reserves it can offer excellent security to its deposit clients. In carrying out large transactions, such as the acquisition of the two banks mentioned, there are so many factors to be considered that, until the test of time has been applied, it is very largely a matter of opinion as to whether or not the policy followed is a wise one. There has now been opportunity for calm reflection, and also for proving the business and assets acquired, and it is with pleasure I assure you that they have exceeded our brightest expectations.

Comparing the balance sheet as at December 31 last, which is now submitted to you, with that for the preceding year, the principal items may be contrasted as follows: Turning first to the liabilities side, you will find our fully paid-up capital is now £2,350,000, as against £1,100,000 in 1911, the difference being occasioned by the issue of 125,000 shares in connection with the purchase of the Bank of Africa. The shareholders of that bank were given the choice of shares or cash, and it is pleasing to report that they practically all elected to take shares. The reserve fund is now £370,000, and if you adopt the report of your directors today it will immediately stand at a round sum of £500,000, which it is the intention of the board to continue to augment. The notes in circulation figure at £810,245, as against £521,424 the previous year, and the depos-

its stand at £15,815,000, compared with £10,438,000 shown in the last balance sheet. Although in this statement the fixed and floating deposits are not distinguished, I may mention that the former represents thirty-six per cent. of our total liabilities to the public. Drafts issued on branches and agents outstanding at December 31 were £574,000, as against £211,000 at the close of 1911. On the assets side of the balance sheet it will be seen that the liquid assets, comprising cash, money at call in London, investments, and bills of exchange, amount to £8,120,000, or forty-seven per cent. of our liabilities. Bills of exchange amount to £2,773,000, as contrasted with £1,417,000 the preceding year. Bank premises stand at £718,801, as against £402,388 in 1911, which increase is occasioned by the numerous premises taken over with the Bank of Africa, Limited. Some of the surplus premises have already been realized at satisfactory prices, and we are in treaty for the sale of others. As usual a large sum has been allocated in reduction of this account, but with the increase in number and natural development of our branches it has been deemed necessary to build at several points. Bills discounted, loans, etc., amount to £11,192,000, as compared with £6,615,000 as at December 31, 1911, the demand for money in South Africa having been on an extensive scale. Bills for collection show £2,546,000, as against £1,237,000. The balance of purchase price of the National Bank of the Orange River Colony figures at £99,000, as compared with £119,000, and it is proposed to now reduce this to £79,000.

PROFIT AND LOSS ACCOUNT.

Coming to what is, of course, the most interesting item, you will observe that the balance at profit and loss account is £335,691, as against £168,808 in 1911. We have carefully and substantially provided for contingencies and doubtful debts; have paid the entire cost of the absorption of the Bank of Africa, and have again, I am sorry

to say, had to set aside a large sum to bring our securities down to market quotations. Gilt-edged stocks and Consols have, during the past year, further depreciated, necessitating additional provision, but we hope that this continued writing down will some day reveal itself in the form of a hidden reserve, anticipating, as we must, that there is eventually a revival in store for securities of the first water. As already mentioned, we propose placing the substantial sum of £130,000 to reserve fund, bringing it to a total of £500,000, and reducing the amount representing the balance of the purchase price of the National Bank of the Orange River Colony to £79,000.

THE FINAL DIVIDEND FOR THE YEAR.

It is further proposed to place £25,000 to pension fund, while we recommend paying a final dividend at the rate of six per cent. per annum, which with the interim dividend at the same rate declared August 9, 1912, absorbs £140,858, leaving an amount of £19,834 to be carried forward to next account. Out of that balance you are recommended to pay a bonus to the staff, whose services, I feel sure, shareholders will be pleased to see recognized in this suitable way, more especially on account of the additional work they have been called upon to fulfill owing to the amalgamation with the Bank of Africa, Limited.

The profits for the three months, as you will observe from the statement before you amount to £83,360, which, I feel sure, you will agree are satisfactory. As the period of three months is so short, I do not wish to say more than that full provision has been made for all contingencies, depreciation, etc., and that your board is well pleased with our continued progress. We carry forward the sum of £103,194 to next year's accounts, and I have no doubt that your board will elect to declare an interim dividend for nine months after our next examination of the profit and loss account at September 30.

During the year the land banks of the Transvaal, Free State and Natal

provinces were amalgamated, and the operations of the institution have now been extended to all parts of the Union. As the function of the land bank is to assist the farming community with cheap loans on security of farm property, we, as bankers, who do not lay ourselves out for mortgage business, welcome this aid to the development of the farming industry.

IMPROVED BANKING PROFITS.

COMPARING the earnings of the banks of South Africa in 1912 and those of 1904 (the latter a time of some banking inflation), the London "Economist" says that in every case except one profits for 1912 exceeded those of 1904, but in only one case has the dividend been restored to a figure equal to or greater than what it was in 1904, and that is the African Banking Corporation, whose dividend rate has been steadier than that of any other bank. The Standard Bank of South Africa shows a very great recovery from the lower water mark of 1908, although the dividend over the whole period of depression was never below ten per cent. Profits have more than doubled, yet the rate of dividend for the whole year has only been raised by three and one-half per cent., thirteen per cent. being paid in the first half and fourteen per cent. in the second half. Out of the profits of 1912 £80,000 was put to various reserves and £20,000 added to the pension fund. It is explained that the higher dividend rate of the Standard Bank is due to a very large reserve fund—£1,980,000 compared with a capital of £1,548,525.

Asiatic

INDUSTRIAL BANK OF CHINA.

THE Banque Industrielle de Chine has been formed in coöperation with the Chinese Government with a

capital of 45,000,000 francs. It is a French company with headquarters in Paris, has a charter covering a period of ninety years, and will have for its object banking and financial operations and especially development of the natural wealth of China.

NEW CHINESE-JAPANESE BANK.

THE prospectus of the Sino-Japanese Commercial Trust Company was issued at Tokyo. The capital is \$2,500,000. The shareholders are the One Hundredth Bank, Yokohama Specie Bank, Yasuda Bank, Mitsui Bussan Company, K. Okura & Co., and Mitsu Bishi Company. Baron Shibusawa, president of the First Bank, and Dr. Sun Yat-sen are, respectively, the Japanese and Chinese presidents of the new company.

Latin-America

NEW BANK IN ECUADOR.

THE Government of Ecuador has, since the first of this year, exported \$337,156 in gold for payment of interest on its railway bonds. The present administration is not only keeping up the current interest on these bonds, but is also gradually paying up the two years' back interest left over from a former administration.

A bank of issue has been organized at Cuenca, Ecuador, with \$250,000 capital, subscribed by local interests, and the institution will begin operations in September, this year.

AMERICAN BANKS IN LATIN AMERICA.

ADDRESSING a trade organization in New York recently, John Barrett, director-general of the Pan-American Union, had this to say about American banks in Latin America:

THERE ARE THREE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

M. Garcia Fravel, Manager.

CORRESPONDENCE IS INVITED

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A. MEXICO, D. F.

President—F. PIMENTEL Y FAGOAGA

1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARRERO ARIAS

"I cannot emphasize too strongly the pressing need of the establishment, wherever possible, in Latin America of agencies or branches of American banking institutions. I am not saying anything against banks and banking agencies controlled by European capital, and it is possible that they are giving American business men the best service they can, but there is no doubt that there is a great opportunity throughout Latin America for the establishment of closer banking relations for the benefit of not only North American but South American business interests. Possibly there is no material opportunity more constantly brought to my attention as head of the Pan-American Union than this one."

NATIONAL BANK OF MEXICO.

DISTURBED conditions in Mexico have naturally had a serious effect upon banking as well as on all other kinds of business, but the report to the shareholders of the National Bank of Mexico at the meeting held in Mexico City, April 29, showed that this strong institution with a capital of \$32,000,000 had exercised a powerful influence in minimizing the unfavorable influences under which Mexican business affairs have been laboring for some time. The total balance-sheet of the bank at the close of 1912 was \$233,784,903.96.

COMMERCIAL AND INDUSTRIAL YEAR IN CHILE.

DURING 1912 Chilean interests in general enjoyed a fairly prosperous year with exports exceeding imports by \$15,567,159 and a harvest very much above the average; labor was fully employed at advanced wages and there was a material advance all along the line. Extensive public and private improvements were made and more miles of railroad were built than for many years, while more substantial new business structures were built in Valparaiso and Santiago than ever before during a like period.

The Government appropriations for 1912 amounted to \$85,596,145, against \$73,806,785 for 1911, which were very nearly met by the receipts. During the year the Chilean Government sold bonds amounting to \$7,299,750, bringing the Government's foreign indebtedness up to \$182,425,882. Interest rates in general were about as usual, with a decline in stocks during the last quarter of the year. The redemption fund on deposit in European banks amounts to \$35,776,980.

More American capital was invested in Chile during 1912 than ever before in any one year, covering railway and mining properties. During the year the Antofagasta-La Paz Railway was acquired by American capitalists and American copper interests bought the Chuquicamata group of copper mines,

said to contain more than 1,750,000 tons of pure copper, which are to be developed as soon as possible. American interests have also acquired large bodies of high-grade iron ore in the vicinity of Coquimbo which it is proposed to ship to the United States.

During 1912 the banking interests of Chile enjoyed a fair year in the main. The first six months were above the average, but a flurry came in September and October that caused the banks to call in their loans extensively, and that continued more or less until the close of the year. Conditions were then but little below normal, with a fair outlook for 1913 owing to good crops and promising nitrate returns.

The local branches of foreign banks are doing much to aid imports from their respective countries, and American interests will find it up-hill work to secure and hold the portion of the busi-

ness of Chile they should have until a system of American branch banks is established in South America. It would pay manufacturers to join in the movement to secure these in place of some of their other propaganda work, for an American bank would be a great expansion center for American business in this part of the world, and judging from what the foreign banks are doing here, it would be a paying investment as well. The commerce of the United States with Chile for 1912 was \$41,320,906, while that of England was \$93,701,982 with two branch banks, and Germany \$61,249,765 with three branch banks.

At the close of 1912 there were 301,353 depositors in the saving banks of Chile, against 256,181 at the close of 1911, with deposits of \$7,357,145 for 1912, against \$5,510,462 for 1911.

Prices Determined by Credit

THE real instrument of purchasing power is credit. And it is credit, and credit alone, which determines prices. When credit is good prices are high. When anything happens to shake credit prices fall. And the anything that happens may be either economic or political or social. The war in the Balkans, for example, has kept the whole trading world in more or less of alarm for six or seven months, and the whole community is waiting for its settlement to begin to deal freely once more. A great failure will likewise destroy credit for the time being and send down prices. Even a natural calamity, such as a great earthquake, may have a disastrous effect upon credit. But whatever the cause may be if credit is shaken prices fall.

Nevertheless, while it is perfectly true that it is credit which determines prices, and by means of which trade is mainly carried on, yet dealers in credit must be prepared to meet a de-

mand upon them for actual coin. Consequently, though coin may be very seldom demanded all well-managed banks keep a certain reserve to meet contingencies. Furthermore, the reader must clearly bear in mind that the reserve is held only because occasions do arise every now and then when, owing to judicious laws or owing to an intense breakdown of credit, people become so apprehensive in certain countries that they refuse to take anything but the legal coin which must be accepted in payment. Moreover, the reader must not forget that though barter has become very unusual in our time it still survives, and, indeed, is not at all unusual in purely agricultural communities. President Lincoln's famous saying, "It is ill swapping horses while crossing a stream," indicates the familiarity of the backwoodsman with swapping.—*The Statist (London)*.

BANKING AND FINANCIAL NOTES



The Branch
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Merchants National Bank

RICHMOND, VA.

Capital . . . \$200,000
Surplus & Profits over 1,000,000

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EASTERN STATES

New York City

—Deposits of the Hanover National Bank, as per official report to the Comptroller of the Currency on June 4, were \$111,697,260.

—Ninety-three men took the final examination in the practical banking course conducted by New York Chapter, American Institute of Banking, during the past season. Seventy-six of these were successful in passing the examination. David M. Cross of the Fifth Avenue Bank was high man with a mark of 94.9 per cent. This is the largest first-year class that has ever been graduated from New York Chapter.

—With total resources of \$37,464,213.28; capital, \$1,000,000; earned surplus and profits, \$2,439,105.95, and deposits of \$33,940,-

604.82, the Seaboard National Bank continues to show a healthy rate of growth. It is a depository of the United States, the State of New York and the city of New York. The officers are: Samuel G. Bayne, president; S. G. Nelson, vice-president; C. C. Thompson, cashier; J. C. Emory and O. M. Jeffords, assistant cashiers. Upon the board of directors are men of exceptional reputation and strength in the banking and business world.

—Maurice L. Muhleman, who had long been connected with the United States Treasury in Washington and the Sub-Treasury in New York, and who was a well-known authority on banking and monetary subjects, died recently in his sixty-first year.

—An increase of capital of the Union Trust Company is to be made from \$1,000,000 to \$3,000,000.

—The Century Bank is to have a new branch at 276 Greenwich street.

—Six assistant cashiers now comprise a part of the official staff of the Hanover National Bank, the latest appointee being George E. Lewis, who became an assistant cashier May 27.

—New officers of the New York State Savings Banks Association elected at the last annual meeting in New York are: President, E. P. Maynard, president Brooklyn Savings Bank; first vice-president, William Felsingier, president New York Savings Bank; second vice-president, Robert P. Donaldson, president Erie County Savings Bank, Buffalo; third vice-president, Clifton T. Rose of the Onondaga Savings Bank, Syracuse; secretary, F. B. Stevens, treasurer National Savings Bank, Albany; treasurer,

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A. C. KNOX, *Vice-President*

W. S. MITCHELL, *Cashier*

B. W. LEWIS, *Asst. Cashier*

A. W. MCELDOWNEY, *Asst. Cashier*

H. S. ZIMMERMAN, *Asst. Cashier*

Resources Over 55 Millions

William H. Rockwood, president Union Square Savings Bank, New York city. The last two officers were re-elected.

—On June 4 the Guaranty Trust Company reported \$10,000,000 capital, \$20,000,000 surplus, \$3,863,451.40 undivided profits, \$176,344,604.06 deposits and \$233,522,985.18 total resources.

—South Brooklyn now has a branch of the Corn Exchange Bank, with William A. Conklin as manager.

NEW ENGLAND

—The North Adams (Mass.) Trust Company has taken possession of its new quarters at Main and Bank streets.

—Windsor, Conn., is to have a new bank, the Windsor Trust and Safe Deposit Company, with \$25,000 capital. George R. Ford is to be president and Frederick W. Moragan, secretary.

—In order to insure a representative delegation at the Richmond convention, Bos-

ton Chapter of the American Institute of Banking has adopted a scheme whereby it will be represented by men who are thoroughly conversant with Boston Chapter's affairs and in addition are Institute men from the ground up. Their delegation will consist, first, of all the officers; second, of all the members of the board of governors; third, of Institute graduates; and fourth, of members of the chapter committees.

—The following have been elected officers of the Hartford Chapter, American Institute of Banking: President, Wilbur S. Sherwood; vice-president, Edward R. Barloe; secretary, Wilbur F. Lawson; treasurer, Calvin C. Bolles.

—For several years the New Hampshire Bankers Association has been dormant, but on June 10 a reorganization was effected at a meeting held in Concord, and the following officers elected: President, Arthur M. Heard, Manchester; vice-presidents, H. E. Boynton of Portsmouth, Arthur H. Hale of Manchester, C. C. Goss of Dover, H. P. Brown of Conway, E. Little of Laconia, Wallace Mason of Keene, F. H. Foster of Claremont, H. E. Richardson of Littleton, J. D. Annis of Colebrook, W. P. Fiske of Concord; secretary, C. W. Brewster, Portsmouth; treasurer, H. H. Dudley, Concord.

Executive board—Lester B. Thurber,

Planters National Bank

RICHMOND, VIRGINIA



Capital

\$300,000

Surplus and Profits

\$1,500,000

Total Resources

\$8,300,000

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President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

D. V. MORTON
Assistant Cashier

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for collecting Items
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the Carolinas**

Nashua; F. W. Sawyer, Milford; P. R. Bugbee, Hanover. Following the business the chairman of the evening, Arthur M. Heard of Manchester, called upon various members. F. E. Farnsworth of New York city, secretary of the American Bankers Association, was present and gave the main speech of the evening.

—A new trust company is reported as organizing in the Grove Hall district of Boston, with prospective capital of \$200,000.

—Work has been started on a new building for the Farmers & Mechanics Savings Bank, at Middletown, Conn. Hoggson Brothers of New York are the contractors.



CHARLES P. BLINN, JR.

VICE-PRESIDENT NATIONAL UNION BANK, BOSTON,
ELECTED VICE-PRESIDENT OF MASSACHUSETTS BANKERS ASSOCIATION

—The annual meeting and summer outing of the Massachusetts Bankers Association was held at the Atlantic House, Nantasket, June 19 and 20. The annual dinner was given the evening of the 19th and the special entertainment took the form of a cabaret show, followed by dancing.

Friday morning the members met in the hotel for the annual meeting and election of officers, while the ladies and other guests were otherwise entertained. During the meeting an interesting address was delivered by Professor Irving Fisher of Yale University on "the Standardization of the Dollar." The retiring president, Frank A. Drury of Worcester, also made a short ad-

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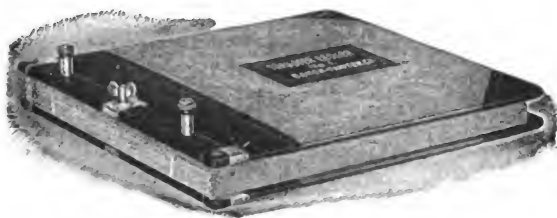
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dress. After the transaction of routine business the meeting proceeded to the election of officers for the ensuing year. The officers elected were: President, Charles P. Blinn, Jr., vice-president National Union Bank of Boston; vice-president, Ralph P. Alden, cashier Springfield National Bank; treasurer, J. H. Gifford, cashier Merchants National Bank of Salem. Executive council for one year, Charles Allen of the Franklin Savings Institution of Greenfield and F. B. Howard of the Home National Bank of Brockton; for three years, George A. McDonald of the North Adams Trust Company, C. F. Holyoke of the Marlboro Savings Bank and C. A. Pike of the City National Bank of Holyoke.

—Allen M. Matthews was recently elected assistant cashier of the Corn Exchange National Bank of Philadelphia. He entered that bank July 3, 1895, as an office boy, and has worked his way up through positions as runner, bookkeeper, collection clerk,

Philadelphia

—Philadelphia Chapter, American Institute of Banking, has elected the following officers: President, William A. Nickert; vice-president, C. W. Fenninger; secretary, Harry Kolleck; assistant secretary, Norman Hayes; treasurer, A. G. Felix.



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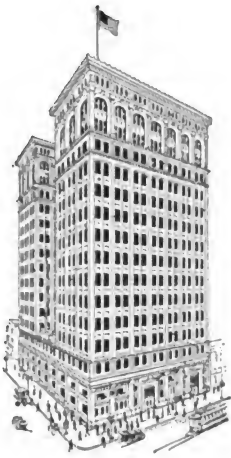
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J. A. YEOMANS
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Assistant Cashiers

CAPITAL
ONE MILLION DOLLARS

assistant receiving teller, assistant paying teller, and receiving teller, holding the latter place from December, 1901, until May 16 of the present year, when he was elected assistant cashier. Mr. Matthews is an active member of Philadelphia Chapter American Institute of Banking.

—William A. Law, of the Corn Exchange National Bank of this city, has been unanimously endorsed for first vice-president of the American Bankers' Association by the State bankers' associations of Alabama, Tennessee, Florida, Georgia and Mississippi.

—Edward E. Shields is a new assistant cashier of the Franklin National Bank. He is secretary of Group 2 of the Pennsylvania



EDWARD E. SHIELDS
ASSISTANT CASHIER FRANKLIN NATIONAL BANK
PHILADELPHIA

State Bankers' Association and was formerly assistant cashier of the First National Bank of Westchester, Pa., of which city he is a native.

—Provision was made in a law enacted at the last regular session of the New York Legislature for the appointment of a commission of five members (to be named by



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the superintendent of the State Banking Department) for revising the banking laws of the State.

The commissioners appointed are: John Claflin, president New York Chapter of Commerce; Charles A. Miller, president Savings Bank of Utica; Henry Morgenthau of New York, a director of the Columbia Bank of New York; Elliott C. M. Dougal, of Buffalo, president of the Bank of Buffalo, and former president of the New York State Bankers' Association; E. P. Maynard of Brooklyn, president of the State Savings Bank Association, and president of the Brooklyn Trust Company; Herbert H. Lehman, a private banker of New York; John Harsen Rhoades, trustee of the Greenwich Savings Bank of New York; Frank H. Patterson of New York, who has been employed by Superintendent Van Tuyl in connection with the liquidation of failed institutions; Professor Joseph F. Johnson, of New York University; George C. Boldt, a New York city business man; Leopold Stern, a director of the Market and Fulton National Bank, New York; Charles L. Bernheimer, a New York city business man; ex-Justice Randall J. Leboeuf, a director of the Albany Trust Company; Frank E. Howe, president of the Manufacturers' National Bank of Troy, and John H. Gregory, vice-president of the Central Bank of Rochester.

The counsel for the commission will be George W. Morgan and John DeWitt Warner of New York. George I. Skinner, first deputy superintendent of banks, will also be detailed to assist the commission in a legal capacity.

—The Merchants Bank of Rochester, N. Y., has increased its capital stock to \$300,000 and will remodel its quarters and install new vaults.


—At Ridgefield Park, N. J., the First National Bank is putting up a fine building for itself of granite, limestone and terra cotta, at Hackensack road and Mount Vernon street.

—The new Bank of Babylon, N. Y., John E. Higbie, president; Emelie J. Heartt, cashier, opened for business June 3.

—The First National Bank of Englewood, N. J., is to be remodeled and modernized. It will then be equipped with furniture and fixtures to match. The business of this bank has been progressing so steadily as to make this improvement a matter of necessity.

—H. E. Hoke has resigned as cashier of the First National Bank, Hanover, Pa., and on September 1 will be succeeded by W. D. Carver, heretofore assistant cashier. Mr. Hoke has been cashier for fourteen years—a period marked by a notable increase in the bank's business. He is engaged in a very successful manufacturing enterprise, to which he wishes to devote his entire time. Mr. Carver, the new cashier, has been connected with the bank since 1890.

—At a cost of about \$100,000 the First National Bank of Red Bank, N. J., will construct a new building, the principal material used being white marble. When the building is finished the present quarters of



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C. R. HUNTLEY, Vice-President
E. J. NEWELL, Cashier
HOWARD RISSELL, Asst. Cashier
C. G. FEIL, Asst. Cashier

Capital - \$2,500,000.00

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Surplus and Profits - \$1,760,000.00

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the bank are to be occupied by the Red Bank Trust Company, now in Monmouth street, adjoining the post office.

—Oscar A. Meyer of Albany Chapter, American Institute of Banking, reports that the most enthusiastic and best attended, as well as the last business meeting of the chapter year, took place May 15. It was the annual election and Oscar A. Meyer was chosen president. The other officers elected are: Vice-president, John C. O'Byrne; secretary, Harley J. Hotaling; treasurer, Harry D. Smith. Delegates to the national convention were elected as follows: Oscar A. Meyer, George B. Wilkinson, Harry W. Reynders, John C. O'Byrne, Samuel Applebaum and John J. Trowbridge. Too strong a tribute cannot be paid to the retiring officers for the work accomplished by them during this the first year, as is shown by the large number—nearly the entire study class—who took the examination on the evening of May 29.

—Pennsylvania bankers held their annual convention at Pittsburgh, June 20 and 21, with A. S. Beymer presiding. Prominent

on the programme were addresses by Hon. E. A. Hayes of California, on banking and currency legislation, and Joseph Chapman, Jr., vice-president of the Northwestern National Bank, Minneapolis, on "Agricultural Development and Vocational Education."

—Hereafter the National State Bank of Camden, N. J., will be still better equipped to protect the property in its custody, having recently purchased an armor-plate vault from the Bethlehem Steel Company.

—The Washington (D. C.) Bankers Association met at the New Willard June 16 and elected officers for the ensuing year, chose several committees, and transacted other matters of business. B. F. Saul, the former first vice-president, was elected president, and George E. Fleming, former second vice-president, was made first vice-president. John Poole, former secretary, was elected second vice-president, but resigned, several ballots then being necessary before W. T. Galliher was declared second vice-president. Mr. Poole was re-elected secretary, and Albert S. Gately treasurer.

Four members of the council of administration were elected—M. D. Rosenberg, C. J. Bell, Robert N. Harper, and Andrew Parker—who, with the newly elected president and two vice-presidents, complete the council. Committees were elected as follows: Auditing, J. W. Riordan, Joshua Evans, Jr., and E. S. Wolfe; protective committee, Clarence Corson, Wade H. Cooper, and Howard Moran; committee on examinations of members of the association, W. J. Flather, S. J. Henry, C. A. McCarthy, and Bestor R. Walters; legislative committee (re-elected), H. H. McKee, George W. White, M. I. Weller, George E. Fleming, and William A. Mearns.

H. H. McKee, the former president, was nominated a vice-president of the American Bankers Association, to succeed George W. White, and S. J. Henry was chosen the delegate to serve on the general nominating committee of the American Bankers Association.

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E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. E. WARD, Asst. Cashier

W. C. SAUNDERS, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

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SOUTHERN STATES

—The United States Trust and Savings Bank of Jacksonville, Fla., will convert the old hotel building at Forsyth and Laura streets there, into an office building, with handsome and commodious quarters there-in for itself.

—During the past year the practical banking and finance course of New Orleans Chapter, American Institute of Banking, has been conducted by Rudolf S. Hecht, trust officer of the Hibernia Bank and Trust Company, in conjunction with Morton S. Aldrich of Tulane University. The average attendance at the classes was thirty-five, of which seventeen passed the examination. Six of these having passed the commercial law course examination are now entitled to the Institute certificate.

New Orleans Chapter plans on maintaining during the coming season a post-graduate course for the further study of finance and currency questions.

—Henry E. Litchford, long cashier of the Citizens National Bank, Raleigh, N. C., has gone to Richmond, Va., to be vice-president of the Old Dominion Trust Company.

—Miller S. Bell, president of the Milledgeville (Ga.) Banking Company, has been mayor of that city for the past five years and was recently renominated.

—J. T. McCarthy was recently elected vice-president of the Texas Bankers' Association for the fifth district. He is president of the State Bank and Trust Company of Tyler, Texas, which institution he organized in the latter part of 1911. Mr. McCarthy is one of the oldest bankers in Texas in point of service, having begun his banking career at thirteen years of age, in 1882, with what is now known as the Texas Bank and Trust Company of Galveston, with which institution he remained for a little more than twenty-five years, rising from

office boy to the position of cashier, which office he held for seven years, resigning in 1908 to accept the cashiership of the Merchants National Bank of Houston, which institution was consolidated with what is now the Union National Bank, in 1910.

During the eighteen months Mr. McCarthy was cashier of the Merchants National the deposits grew from \$900,000 to \$3,000,000, and in the merger the stockholders of the Merchants National received a handsome bonus above the book value of the stock. At that time, Mr. McCarthy retired from banking and engaged in the brokerage business in Houston, but he could not stay

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out of the banking field, and in about a year again entered it by organizing the State Bank and Trust Company at Tyler, Texas, of which he is president.

This institution is only twenty months old, but is showing progress, the deposits being ahead of the oldest banking institution there.

Mr. McCarthy is one of the best known bankers in Texas, having attended all the State conventions for the past seventeen years. He has a large list of personal acquaintances among bankers all over the country.

—"There is only one way to secure tax reform from the next Legislature," said Hill Montague, addressing the Richmond Chapter of the American Institute of Banking, at the Jefferson Hotel. "When the General Assembly meets call together ten or twelve representative delegates from widely separated points in the State and let them frame a tax reform bill, to which they will give their united support through the session. I believe that is the most practical way to secure the passage of a remedial measure."

Mr. Montague, who has been one of Richmond's representatives in the lower House for several terms, detailed the difficulties that have so far beset every attempt

to transfer the taxing authority from the county commissioners of the revenue, where it now resides, to a central State body. The same opposition, he said, will develop anew. A sweeping tax reform bill, he said, will be doomed from the start. The practical thing to do is to secure the passage of a mild reform measure and to improve upon it at succeeding sessions.

The speaker departed from his announced subject, "Legislation Affecting Banks," to discuss what, he said, might be regarded as a digression, but what was, in reality, the same thing—equalization of taxes. Under the present system, he said, bank stock in the hands of shareholders is the only tangible personal property in Virginia that is taxed at its full value. Reforms are needed, he said, which shall remove the discrimination against this form of investment. Mr. Montague designated the present taxing system as abominable, and thought the time was ripe for reform. It was time, he said, for Virginia to stop boasting of its glorious past and its achievements in history and to give attention to a tax situation which is among the four worst among the States of the Union.

The remedy, he thought, lies in the creation of a State commission or commissioner vested with power to supervise and amend assessment rolls returned by the county commissioners of revenue, with the idea of

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equalizing, as far as possible, the assessment on the same subject.

President H. N. Phillips, of the Broadway National Bank, subscribed to the general indictment of the Virginia tax laws. The only hope of relief, he thought, was continuous agitation. Stockholders and officers of country banks, he said, representing as they do the most influential and progressive people of the county, could do a valuable service in this respect by impressing upon their delegates to the General Assembly the injustice of the present system and the need for reform.

George Bryan, attorney for the Virginia Bankers' Association, addressed the meeting on the law governing negotiable instruments. His lecture was on the law as it relates to the protest of paper, and was a concluding lecture of a series given during the past winter.

The speaking programme was followed by the annual election, the balloting resulting as follows: George H. Keesee, president; Warren M. Goddard, vice-president; Jesse Wood, secretary; G. S. Barnard, treasurer. The four major officers just named, with the following, constitute the new board of governors: H. G. Proctor, H. C. Cofer, L. V. Terrell, J. M. Ball, Jr., and Clinton L. Williams. Balloting for nine delegates to the national convention of the American Institute of Banking, which will

be held in Richmond next September, resulted in the election of H. G. Proctor, C. L. Williams, R. L. Gordon, D. E. Mountcastle, E. L. Word, J. C. White, N. K. Parker, W. W. Dillard and N. R. Watt. George H. Keesee will be delegate-at-large. H. N. Phillips, C. V. Blackburn and H. F. Talbott were elected alternates.

—The Citizens National Bank of Durham, N. C., is to put up an eight-story building.

—The Union Bank and Trust Company of El Paso, Texas, is to put up a two-story building, with foundations sufficient for a fourteen-story concrete structure later on. The site selected is at San Antonio and Texas streets.

—Work has commenced on the new building of the First National Bank on San Antonio street, El Paso, Texas, which is to be in every particular thoroughly modern.

—The First National Bank of Corsicana, Texas, of which James Garrity is president and E. H. Church, cashier, is building a fine new home.

—The new Citizens State Bank and Trust Company, which has opened in Dallas, Texas, with capital of \$150,000 and surplus of \$30,000, has for its president R. C.

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Ayres, a pioneer banker of that city, and J. P. Smith, vice-president; J. H. Blocker, formerly of the Wolfe City National Bank, cashier.

—A new twelve-story building, to cost \$150,000, is to be erected by the Kanawha National Bank, Charleston, W. Va.

—Members of the Virginia Bankers' Association held their twentieth annual convention at the Hotel Chamberlin, Old Point Comfort, June 19, 20 and 21, concluding an excellent programme with an excursion to Washington.

Thomas B. McAdams, cashier of the Merchants National Bank of Richmond and president of the association, presided. In addition to his interesting annual address and reports from the various officers and the several groups, the following topics were on the programme: "Some Ups and Downs in the Banking Business," M. G. Field, cashier National Bank of Orange; "The Dawn of a Brighter Day," Edward James Cattell, Philadelphia; "Problems of a Country Banker," Westwood Hutchinson, cashier National Bank of Manassas; "The Young Man in Banking," H. G. Proctor,

ex-president Richmond Chapter, American Institute of Banking; "The Soil and the Man," B. F. Harris, ex-president Illinois Bankers' Association, Champaign, Ill.; "The Relationship the Bank and the Community Bear to Each Other," J. J. Scott, cashier Lynchburg Trust and Savings Bank, Bedford City; address, Hon. Cornelius A. Pugsley, president New York State Bankers' Association, Peekskill, N. Y.; "Banking and Agriculture," Joseph M. Hurt, cashier Citizens Bank, Blackstone.

As usual, the convention was marked by entertainment features that have always made the Virginia conventions among the pleasantest gatherings of bankers in the country.

—An increase of capital from \$1,000,000 to \$1,500,000 is reported by the American Exchange National Bank of Dallas, Texas, and the surplus is now \$1,000,000.

—Formal opening of the new home of the First National Bank of Richmond, Va., took place on June 9. The bank occupies the first two floors and the basement of the splendid nineteen-story bank and office building, which is one of the handsomest and best business structures of the South.

—It is expected that the new Jefferson County Savings Bank Building, Birmingham, Ala., will be completed about October 1.

—In appreciation of more than twenty years of continuous and loyal service to the Central National and National Loan and Exchange Banks, Columbia, S. C., E. W. Robertson, president of the bank, and the board of directors recently presented to Henry D. Muller a beautiful silver loving cup.

In making the presentation, at a meeting of the directors, Mr. Robertson addressed Mr. Muller, saying that the directors considered it a pleasure to present a small token of esteem to one who had been so loyal to the bank. Mr. Muller replied briefly, expressing his appreciation of the gift.

Henry D. Muller entered the Central National Bank in October, 1886. When this institution became the National Loan and Exchange Bank, Mr. Muller remained with the new bank. He has, therefore, seen over twenty-six years of service.

The loving cup is of silver, mounted on

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Ruel W. Poor **Thomas D. Adams**
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an ebony base. The following inscription is engraved upon it:

Presented
to
Henry D. Muller
by the
President and Directors
of
The National Loan and Exchange Bank
of Columbia
In appreciation of and to betoken
Twenty-five years
of continuous and loyal service
With that Bank and
The Central National Bank of Columbia.
1886—October—1911.

Only a short time ago the president and directors of this bank presented a loving cup to E. C. Cathcart and also to A. R. Cronenberg, in appreciation of twenty-five years of service. It is a custom of the board of directors to give one of these cups to any employees on the completion of a quarter of a century of continued service.

The National Loan and Exchange Bank is a consolidation of the Canal Dime Savings Bank, Central National Bank and Loan and Exchange Bank. Its capital is \$500,000; surplus and profits, \$314,346, and deposits, \$2,598,659. Officers are: President, E. W. Robertson; vice-presidents, Edward Ehrlich, T. B. Stackhouse; cashier, C. M. Berry; assistant cashier, E. C. Cathcart.

WESTERN STATES

Chicago

—Directors of the Drexel State Bank propose to increase the capital of that bank from \$200,000 to \$300,000.

—The title of the Drovers Deposit National Bank of Chicago has been shortened to Drovers National Bank.

—On account of impaired health, J. G. Orchard has resigned as cashier of the

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Merchants Loan and Trust Company, a position which he has occupied for almost twenty years. Mr. Orchard started with the bank about thirty years ago, and for a number of years prior to his appointment as cashier was manager of the foreign exchange department.

Paul C. Peterson, an assistant cashier for the last eleven years, has been elected cashier to succeed Mr. Orchard. Mr. Peterson has been in the employ of the bank for a period of twenty-nine years, having started in its clearing-house department, and, like Mr. Orchard, held the position of manager of the foreign exchange department prior to his election as assistant cashier.

—Chicago was chosen as meeting place of the Investment Bankers' Association next year. The date has not been finally settled, but it is to be in October.

—Homer B. Corbin and others are organizing the Broadway Trust and Savings Bank here, capitalized at \$2,000,000.

—Chicago Chapter of the American Institute of Banking has a new president—Thomas J. Nugent of the First National

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THOS. J. NUGENT
PRESIDENT CHICAGO CHAPTER AMERICAN INSTITUTE OF BANKING

Bank. Mr. Nugent was formerly associate editor of "The Bank Man," secretary of Chicago Chapter, and is a graduate of the Institute. He has twice been a delegate to national conventions of the chapter.

—The Peru (Ind.) Trust Company reports that it has been doing business since January 1, 1904, and has never bought a bond or a piece of commercial paper as an investment, having had a strong local demand for money. Capital and surplus of the company, \$125,000.

—Organized the present year, the Citizens Savings and Trust Company, Wabash,

Ind., reports \$50,000 capital and \$25,000 surplus. Its officers are: President, F. I. King; vice-president, Elmer Burns; second vice-president, F. B. Walter; secretary, C. H. La Selle; cashier, Ernest Leer.

—Plans for the new building of the First National Bank of Minneapolis are to be prepared by Architect R. W. Gibson of New York, associated with Hewitt & Brown of Minneapolis. Mr. Gibson designed the New York Clearing House. The plans, it is understood, will allow for a choice between a sixteen and a twenty-story structure.

—The German Savings Institution of St. Louis, one of the substantial and successful concerns of its class there, is preparing to build for itself at Broadway and Pine streets a building of architectural distinction with the latest and best in the way of furniture, fittings and vaults. The architect, A. B. Groves of St. Louis, has given it a dome, and has followed closely in his design the manner of the Italian renaissance.

—The National City Bank of Cleveland, Ohio, has opened in its new quarters in the Leader Building, that city, quarters much admired. This bank recently increased its capital and surplus from \$550,000 to \$1,000,000. Under its new management it is taking a more active part in the business of Cleveland than formerly, and the occupation of the new quarters marks the realization of plans made to extend its business many months ago. The active men in this institution are: C. A. Paine, president; W. D. Young, vice-president; J. H. Whitelaw, cashier.

—For the six months ending May 15 the Farmers National Bank of Springfield, Ill., after declaring the sixtieth semi-annual dividend of five per cent., placed \$6,153.81 to undivided profits account, making the statement now read: Capital, \$200,000; surplus, \$200,000, and undivided profits, \$117,700. Deposits are well above \$2,000,000. The

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ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS

officers of this bank are: President, Edward D. Keys; vice-presidents, Samuel J. Stout and Thomas Sudduth; cashier, Alf. O. Peterson; assistant cashiers, George E. Keys and Edw. Schoettker.

—The Iowa Savings Bank of Marshalltown has moved from its old quarters in the Kibby Building to a new home at First avenue and Main st., larger and better quarters being required to meet the demands of expanding business.

—The Miners Savings Bank and Trust Company of Butte, Mont., expects to occupy the new building now under construction about the middle of September.

—A new standard has been set, architecturally speaking, in Wichita, Kas., by the fine new modern structure of the State Savings Bank. This bank was established in 1902, and has flourished especially under its present management, headed by George H. Hamilton, who is president also of the First National Bank at Watonga, Okla., and Jerome Harrington, vice-president, both of whom received their early training in the banking line under their fathers, who were associated in Illinois.

—To succeed the Stockyards Bank of Commerce, the Stockyards National Bank has been organized at Kansas City, Mo., with \$200,000 capital.

—On May 23 the First National Bank of Cleveland, Ohio, celebrated its fiftieth anniversary. Some of the witnesses to the bank's prosperity, in addition to a half century of existence, are one of the hand-somest and most conveniently arranged bank buildings of the country and resources of over forty million dollars.

—Seven hundred State banks of Nebraska, reporting to the State Banking Board, have, during the last year, added to their deposits, \$4,755,000, according to the report of Secretary Royse of the board. Total

deposits in these institutions May 20 were \$87,590,450, with an average legal reserve of twenty-six and one-quarter per cent. As compared with the report a year ago the banks show that loans have increased nearly \$7,000,000. There is a gain of nineteen in the number of banks.

—At the annual convention of the National Association of Supervisors of State Banks, held in St. Paul last month, uniform State banking laws and responsibilities of bank directors were among the topics discussed.

—The Lake Shore Banking Company of Cleveland, Ohio, is enlarging its quarters in the Osborne Building.

—Every child born at Bloomington, Ill., and the adjacent town of Normal, will be

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 Marine National Bank, Buffalo, N. Y.
 Second National Bank, Boston, Mass.
 Merchants National Bank, Boston, Mass.
 Essex County National Bank, Newark, N. J.
 First National Bank, Morristown, N. J.
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—Wyoming bankers will hold their fifth annual convention at Sheridan, August 12 and 13.

An attractive programme is in preparation and the entertainment features will be in charge of the Sheridan bankers. The Montana Association will convene the latter part of the same week, so that the dates

will allow Eastern bankers to attend both conventions with convenience.

It is planned to provide a special car from Cheyenne to accommodate southern Wyoming bankers and pick up delegates along the route.

One afternoon will be given over to an automobile trip through the splendid agricultural section about Sheridan.

H. Van Deusen of Rock Springs is secretary of the Wyoming Bankers' Association.

—Having \$101,570.50 surplus and profits and \$200,000 capital, the Marion (Ind.) National Bank justly invites business on the basis of its strong position. Deposits are \$1,404,954. This bank is the oldest and largest in Grant county and its officers are: President, J. L. McCulloch; vice-presidents, J. Wood Wilson, H. A. Gable, John A. Rhue; cashier, Elsworth Harvey; assistant cashiers, Albert Willson and H. H. Blinn.

—Edwin M. Hutchinson has been appointed assistant to G. Prather Knapp, publicity manager of the Mississippi Valley Trust Company, St. Louis. He has been identified with the real estate department of the company for eleven years.

—C. A. Schrader and others are organizing the State Savings and Trust Company, Indianapolis, Ind., capital \$1,000,000.

—J. C. Shanklin is now president of the First National Bank of Frankfort, Ind., having succeeded J. W. Coulter, who died in May. Mr. Shanklin was a director of the bank and also active in the mercantile line. Quite recently the bank moved into its new building, which in structure and equipment admirably meets the institution's needs.

—On June 4 the Continental National Bank of Indianapolis presented a balance-sheet whose total footing was \$3,365,028.54. Capital of the bank is \$400,000; surplus and profits, \$73,262.53, and deposits, \$2,296,550.75. George F. Quirk is president; Mord

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Carter, vice-president; A. H. Taylor, cash-
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—Affiliated with the First National Bank
of Cleveland, Ohio, and with \$1,250,000
capital, the First Trust and Savings Com-
pany has been organized with these officers
and directors: President, John Sherwin;
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treasurer, Robert S. Crawford. Directors—
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son and Fred J. Woodworth.

The officers responsible for this successful
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Jr., and W. R. Morehouse; secretary, R. P.
Hillman; assistant secretary and trust of-
ficer, J. Veenhuyzen; assistant secretary, O.
C. Schmidt; assistant trust officer, L. B.
Howe.

—Frank H. Burrows, late of the Na-
tional Reserve Bank of Kansas City;
Charles W. Landis, formerly of the First
National of Osborne, Kas.; J. R. Burrow
of the Central National of Topeka, Kas.,
and E. E. Ames, president of the last-
named bank, are planning to establish a
new national bank at San Diego, Cal., with
capital of \$200,000 and surplus of \$50,000.

—The Puget Sound State Bank, Tacoma,
is now in fine new modern quarters in the
National Realty Annex and thoroughly
equipped with the latest in the way of vaults
and fittings. C. A. Brower heads this bank
as president; E. S. Burgan, formerly with
the First National of Pullman, Ill., as presi-
dent, is associated with him; as is also J.
W. Burgan, his son. The latter is cashier.

—California bankers closed their nine-
teenth annual convention at San Diego,
May 17, and elected L. P. Behrens presi-
dent of the association, and R. M. Welch,
vice-president. Also the following execu-
tive committee: J. M. Henderson, Jr., cas-
hier Sacramento Bank of Sacramento; F. J.
Belcher, Jr., cashier First National Bank,
San Diego; George M. Meredith, cashier
Farmers and Merchants Bank, San Fran-
cisco; George N. O'Brien, cashier American
National Bank, San Francisco, and W. D.
Longyear, cashier and secretary Security
Trust and Savings Bank, Los Angeles.

—Reports of considerable additions to
the manufacturing industries of Salt Lake
City are made in the recent financial letter
of the National Copper Bank, and the let-
ter also contains this information: "The last

PACIFIC STATES

—At the annual election of Oakland
(Cal.) Chapter, American Institute of
Banking, the following were elected of-
ficers: President, W. F. Morrish, First Na-
tional Bank of Berkeley; vice-president, J.
S. Killam, Union Savings Bank of Oakland;
secretary-treasurer, George W. Ludlow,
Oakland Bank of Savings.

—To signalize removal into its new home,
the German-American Trust and Savings
Bank, Los Angeles, Cal., has issued an at-
tractive illustrated pamphlet giving a con-
cise description of the new banking quar-
ters and telling in an interesting way of the
bank's successful career. With five times
the floor space occupied in the former loca-
tion, and with thoroughly modern equip-
ment, this institution is better than ever
prepared to substantiate its motto, "The
bank with the efficient service." From 1890
to date the deposits of the German-Ameri-
can Trust and Savings Bank have climbed
steadily, until they now total \$19,767,883.98.

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SOLE AGENTS

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six months have seen the organization of three new financial institutions in Salt Lake City, i. e., the Farmers and Stockgrowers Bank, with a capital of \$300,000; the National City Bank, with a capital of \$250,000, and the Bankers Trust Company, with a capital of \$500,000. All three have strong lists of stockholders. The first two enter the field of commercial banking, while the Bankers Trust Company will take up all the phases of financial work except that one. It is closely allied with the National Copper Bank, the major stockholders being identical, and the whole board of the bank being members of the trust company directorate."

—Commenting on the decision in the Spokane (Washington) and Eastern Trust Company suit to contest the imposition of certain taxes, the "Pacific Banker" says: In spite of much advice to the contrary and the constant prediction that it would do no good—in spite of the fact that a resolution for a State-wide campaign on the subject should be instituted by the banks was smothered two years ago at the Wenatchee convention because it was thought too much agitation would make matters worse—the Spokane and Eastern Trust Company has persisted in its war against the unjust

taxation which it and the other banks in the State have labored under, and has now the satisfaction which certainly must come from reversing the Supreme Court of the State and winning out at all points. Outside of having established an equitable and satisfactory rate of taxation for itself, the bank expects to obtain from the county some \$7,000 of excess taxes paid during 1911 and 1912 under protest.

Now the general features of this litigation are as follows: The bank brought its suit in the Superior Court, alleging that all other property in Spokane county was assessed at forty per cent. of its value, whereas bank stocks were assessed at sixty per cent. of their value, that is, book value, and alleged that herein was a palpable discrimination, making the taxation unjust and illegal. The county replied to this contention: First, that the taxation of bank stocks is an excise tax, that is, one which is assessed against a pursuit or calling and is more in the nature of a license for doing business than a tax upon property and hence not subject to the charge of inequitable taxation where all the parties following this pursuit or calling are taxed by the same rule. And secondly, it was claimed, that the book value is not the true value of bank stock and hence that the method of taxation in Spokane county did not permit of more than a forty per cent. assessment. This latter contention was made after the case came back from the Supreme Court for a retrial and was distinctly overruled by the trial court.

Upon the main issue that a bank tax is an excise tax, the Supreme Court has had to directly reverse itself and it has done so without any hair-splitting distinctions which in such cases so often tend to mystify matters. The court quotes from the complaint the following essential paragraph:

That it is the practice and custom all over the State of Washington to assess property at less than the actual value, and to assess it upon some per cent. of its value, and that per cent. is usually from 30 to 40 per cent. That property in the County of Spokane, State of Washington, other than the capital

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stock of banks, is assessed at not exceeding 37.42 per cent. of the actual value thereof and bank stock is assessed at a much higher and greater per cent. of the actual value thereof, to-wit, 60 per cent.

And holds that such a state of facts as that entitles a litigant to relief. Referring to former cases the court says: "We think that, in so far as they construe a tax upon bank shares under the existing statutes to be an excise, they fail to correctly interpret the statutes and that they are not reconcilable with the basic principles in the latter decisions to which we have referred and they are therefore overruled." In full justification of the plaintiff's claim, the court further says:

It is just as imperative that taxation shall be uniform and equal upon all property as it is that all property shall be taxed. There is neither uniformity nor equality where all kinds of property save one are, intentionally and in pursuance of a fixed and definite policy, assessed at less than 40 per cent. of its full and fair value, while that class of property is intentionally assessed at 60 per cent. of such value. The facts pleaded do not show an erroneous valuation or a difference in judgment as to a correct measure of value, but rather an intentional and arbitrary discrimination against a particular class of property. Such an arbitrary policy is vicious in principle, violative of the constitution, and operates as a constructive fraud upon the rights of the property holder discriminated against. In such cases equity will grant relief.

We see no reason why the principles announced in *Spokane and Eastern Trust Company vs. Spokane County et al.* should not extend to those other commonwealths—where banks for the most part labor under the same unjust tax discrimination. And

in the meantime the thanks of all who are materially interested in this decision are due the plucky management which has fought this thing to a finish.

CANADIAN NOTES

—The number of chartered banks in the Dominion is twenty-five. The paid-up capital of these at the close of 1912 was \$111,881,914; the reserve or surplus, \$106,840,007. Bank notes in circulation at that time totaled \$110,048,357; specie, \$33,780,333. The total assets were \$1,625,081,158.

These twenty-five banks have 2888 branches; of these, seventy-eight are situated outside the Dominion. The Dominion bank clearings for 1912 amounted to \$9,143,196,764, an increase of over \$5,000,000,000 during the four-year period preceding.

Clearing-house returns of the principal cities in 1912 were as follows: Montreal, \$2,844,268,426; Toronto, \$2,160,229,476; Winnipeg, \$1,537,817,524; Vancouver, \$644,118,877; Calgary, \$275,401,303; Ottawa, \$244,133,451.

—A map of the Canadian West, compiled from the government maps and revised to January of the present year, is sent out by the Canadian Bank of Commerce. Locations of numerous branches of the bank in that section are suitably indicated on the map.

—A branch of the Royal Bank of Canada is to be opened at Edmonton, South.

Branch Banking in Australia

THE "Journal of the Institute of Bankers" of New South Wales of recent date contained the Institute's prize essay by R. H. Wood of the Bank of New South Wales, his subject being "The Branch System in Australia and Its Value and Suitability to the Needs of the Community." After pointing out the advantages of the branch system, and comparing that system with the independent banks of the United States, Mr. Wood concludes:

It can scarcely be doubted that the lines on which our system of banking

is to be carried on are now fairly settled. The present branch system will grow, increasing as it must with every increase in the national life of the Commonwealth. As each new district is settled and new towns come into being, a new branch must necessarily be established. Each branch will, of course, necessitate the services of at least one officer of sufficient ability to be able to conduct the banking affairs of his neighborhood, and, as the need for clerks in established branches is not likely to grow less as time goes on, we may look for a large increase in the number of the banking commu-

nity. It is scarcely likely that there will be a similar increase in the number of the banks themselves, as every year increases the difficulty of establishing a new bank which shall successfully compete with the established institutions possessed of a business prestige, which in some cases goes back for nearly a century. On the other hand, there is little fear that the number of banks will ever grow so small, either by

amalgamation or otherwise, as to stifle that wholesome competition which is the life of banking as it is of trade.

There will always be sufficient business rivalry to prevent the present banks with their branch systems from falling into stagnation, and to help them to remain as they are now, one of the most necessary factors in the business life of the Commonwealth and one of the pillars of Australian prosperity.

WITH BANKERS MAGAZINE ADVERTISERS

Flooring for Banks

(Illustrations by courtesy of the Dreadnought Flooring Company, New York, manufacturers of Dreadnought Interlocked Sectional Flooring.)

SEVERAL important requirements enter into the composition of a satisfactory floor covering for banks. It should be resilient, durable, inexpensive and of

such color designs as to permit artistic arrangement, and ought to interlock so as to form a strong and united surface which cannot be separated by the expansion and



BANKING ROOM, FULTON TRUST COMPANY, NEW YORK



LADIES' DEPARTMENT, FULTON TRUST COMPANY, NEW YORK

contraction experienced in all buildings.

The floor covering used in the bank interiors shown herewith is of this type of construction, and is a compound of cork and other materials, is odorless and non-absorbent, not affected by heat, grease or oils, is not slippery when wet or dry, and being laid in an elastic and waterproof cement which adheres equally well to wood, concrete or steel, prevents water from getting under the surface.

Besides being employed as a floor cover-

ing by the banks just named, it is used in the Grand Central Terminal, New York, and by the following banks, among others:

Fulton Trust Company, New York; American Trust Company, Bridgeport, Conn.; Richmond Savings Bank, Richmond, Va.; National Savings Bank, Newark, N. J.; Citizens' Savings Bank, Stamford, Conn.; Burlington Trust Company, Burlington, Vt.; Farmers Loan and Trust Company, York, Pa.; Mechanics Bank, Brooklyn, N. Y.; Brooklyn Trust Company, Brooklyn, N. Y.; Lawyers Westchester Title Insurance Company, White Plains, N. Y.; Citizens' Savings Bank, White Plains, N. Y.

An Excellent Check Protector

WE are pleased to reproduce a large newspaper advertisement of the check protector manufactured by the Page Manufacturing Company of San Francisco, Cal. This device is being quite generally used by banks as a practical advertising novelty and good will producer among their customers, actual and prospective. That the manufacturers themselves know how to advertise is proved by their splendid advertisement.



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ONE HUNDRED MILLION DOLLAR ENDORSEMENT FOR THE PAGE CHECK PROTECTOR

Agents and Dealers Wanted Everywhere

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THROUGH
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NEW!
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Weights
4 Ounces
Gives
EXACT
Number of
Dollars in
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or "Not Over,"
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The "PAGE CHECK PROTECTOR" is made of the Very Best Materials and by EXPERT LABOR. It is made to last a lifetime. IT IS ABSOLUTELY DEPENDABLE. IT MAKES FRIENDS EVERYWHERE. TO SEE IT IS TO WANT IT. KEEP IN GOOD STANDING WITH YOUR BUSINESS ASSOCIATES BY USING THE "PAGE CHECK PROTECTOR"

READ THIS

The COAST BANKER, January issue, and University.

"The PAGE CHECK PROTECTOR is an unusual invention and will undoubtedly find its way into the portfolios of every man who does checks. It is superior to any Check Protector on the market. It is a Check Protector that is important for the banker to test."

SPECIAL OFFER

FOR THE DATE ONLY.
We will on receipt of your check at money order for \$1.00 send you by Parcel Post this most remarkable invention of the age with our FREE SERVICE BUREAU-MAKING OFFER. SENDERS TRY IS ONLY FOR THE DATE.

In issuing the body copy and put the machine at this SPECIAL Price. \$4.50. The regular price is \$10.00 everywhere. Adm.
PAGE MFG. CO.
Chronicle Bldg., San Francisco, Cal.

HERE IS THE \$100,000,000.00 ENDORSEMENT

PROMINENT BANKS, representing more than ONE HUNDRED MILLION DOLLARS, have endorsed the PAGE CHECK PROTECTOR in the following terms and from the following cities. The name of the bank will be given on application.

Denver, Oregon: "I prize the Page Check Protector very highly."
Salt Lake City: "Very convenient."
Ogden, Utah: "I appreciate machine greatly."
Seattle, Cal.: "Best I have ever seen."
Phoenix, Arizona: "Very useful."
Boston, Idaho: "Neatest and handiest I have ever seen."
St. Anthony, Idaho: "A great convenience."
Reno, Nevada: "Of great use."
Thomson, Washington: "Very ingenious."
Yelm, Washington: "Ornamental, very useful."
Hoskins, Washington: "Worth while."
The Dalles, Washington: "Very handy and very useful."
Portland, Oregon: "Most convenient I've ever seen."
Poulsbo, Cal.: "A very useful device."
Tulare, Cal.: "Very effective."

Oakland, Cal.: "Very handy."
Richmon, Cal.: "Very convenient."
Los Angeles, Cal.: "A handy utility."
Alameda, Cal.: "Very handy."
Yreka, Cal.: "Nifty machine—so handy."
Redding, Cal.: "Very practical."
Santa Barbara, Cal.: "Very ingenious."
Redding, Cal.: "It is worth while."
El Segundo, Cal.: "Very practical."
San Jose, Cal.: "Very useful."
Sacramento, Cal.: "A great convenience."
Watsonville, Cal.: "Very convenient."
San Francisco, Cal.: "It is absolute perfection and beats all others."
San Leandro, Cal.: "A very convenient machine."
Hollywood, Cal.: "Very nifty."
Santa Rosa, Cal.: "Very handy."
Kellum, Idaho: "Perfect; as well pleased with the machine."
St. Louis, Mo.: "A very good machine."
Chicago, Ill.: "Think well of it."
Philadelphia, Pa.: "A great convenience."
New York City: "Its simplicity appeals to us."

READ THIS

The COAST BANKER, March issue, and.

"The Protection of Checks is most efficiently accomplished by a system of perforation and by a device known as a 'CHECK PROTECTOR.' These perforations derive here heretofore been somewhat expensive, and their use has been confined to offices where checks are necessarily written each day and where the least bit of caution has led the management to insist upon each check being PERFECTED with the amount of dollars. Like so many other inventions, simplicity and cheapness, along with efficiency, has followed through inventive genius. This has recently proved to be the case with Check Protectors through the advent on the market of the 'PAGE CHECK PROTECTOR.' Peculiarly efficient because the ordinary perforation is added a chemical etching at the time—which makes check raising impossible."

AGENTS

Read the Special Offer and Get Busy. Get a machine and our big money-making plan for you.
DO IT NOW

DEALERS, ATTENTION!

Write NOW for prices and our special plan of co-operation in your section. Get our literature. Get our inside UP-TO-THE-MINUTE OFFER. Get a sample and GET BUSY. Write now.

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Get the Exclusive Control for this BIG Seller for YOUR County. Do not delay a minute. Write IMMEDIATELY TO
PAGE MFG. CO. Chronicle Bldg., San Francisco

References: First National Bank—Crocker National Bank—San Francisco.

A STRONG AD. OF A SPLENDID ADVERTISING SPECIALTY

E. St. Elmo Lewis, advertising manager of the Burroughs Adding Machine Company of Detroit, Mich., gave an address before a western bankers' convention recently

on the subject "Advertising to the Man in the Mirror," in which he said in part:

The man in the mirror serves himself—"his business is his," he declares, and he "will do what he pleases with it."

Of course it isn't anything of the sort. What is business? Let us answer that question the 20th Century way.

Business is a service in behalf of the community for it exists for the community, not the community for business.

The banker who advertised his bank in a German daily that he had never seen, knew that was the right thing to do, because he knew that many a German family in his district could not read an English paper. He realized that even those who could not read English, had money. The banker who publishes the bank statement issued at the call of the Comptroller in a paper and imagines that he is advertising, is not advertising to anybody but to the man in the mirror.

When the average banker prints his statement of assets and liabilities, his reserve, his capital, his surplus and talks about the wonderful bank he's got, he looks in the mirror and is telling himself what a bright banker he is. He is talking to himself, trying to make himself believe that his competitor across the street will read that statement and feel mighty bad about it, but after all is said and done, my friends, advertising is not for the purpose of having your competitor read it and feel badly, but it is for the purpose of getting the business and making him feel worse.

Most of the trouble with the man in the mirror is that he is thinking wrongly about advertising. He imagines that his advertising should reflect his personality and ideas. Quite on the contrary, the best advertising reflects the interests of the consumers.

Hoggson Brothers, the well-known building engineers, reprinted a special letter by Roger W. Babson on business conditions in the United States which is decidedly optimistic in tone. It reads as follows:

The United States of America.

When leaving America last November I was more or less apprehensive concerning my country, but after traveling ten thousand miles about the world, I conclude it is a pretty good place after all! Let me mention seven features which especially appeal to me:

(1) We have a great area in the temperate zone. It is the temperate zone that does and will rule the world. Business men and investors should remember this. If the northern hemisphere is not large enough for your activity, jump to the temperate zone of the southern hemisphere. Don't trouble the tropics.

(2) We have a wonderful soil and very great natural resources. Coal, iron, copper and gold, as well as wide forests and fertile fields, are ours. Truly God has been very good to us and all should try to be worthy trustees of these great gifts.

(3) We are isolated so as not to be involved in the great international strife to which most nations are subject. The young men of our country little appreciate their exemption from three years of compulsory military service. We little realize the great blessings we enjoy, owing to our neutrality. Moreover, Germany, England and France maintain their great armies and navies to avoid being swallowed up! May our nation ever remain neutral! I, for one, hope the policy of the new Wilson administration will continue along these lines.

(4) The United States, however, has been blessed not only with land and capital, but by a laboring people unequalled on the face of the earth. Our nation is peopled with some of the best of every country. We should never forget that any man must have courage and ambition to "pull up stakes" in Sweden, Italy, Austria or Germany and bring his family to America without promise of work or even food. Yes, that takes real courage, and these immigrants will, in my opinion, prove to be the backbone of America. The "Pilgrim Fathers" not only came in 1620, but they have been coming every year since.

(5) It is true that our municipal governments are in many instances failures, and that our state governments are progressive but still, in a sense, experimental. Our national government, taken as a whole, is the best in the world. No other people enjoys the freedom that we do. Even in England, and also in several other of these older countries, however, a man is not judged by what he is, but by how he was born; and as for political freedom, it is yet unknown in many of the nations of Europe. My experience the past winter in endeavoring to interest kings and emperors in forming an international institute to measure the relative prosperity of nations allows me to speak with authority.

(6) Not only are our land, people and government the best in the world, but our railroads, public utility properties and great industrial plants are also unequalled. Government ownership of railroads may come, but deliver me from it! Oh, if we could only appreciate and help our great railroad builders instead of cursing and kicking them! As clients well know, I am no "stand-patter," and have even been referred to in England and on the Continent as a socialist, but I do believe that compared with other nations our government is the cleanest, our corporations the most humane and our labor the best off in the world. Only in the banking field does Europe lead us. We can learn much from the various banking, *Landschaften* and *Raiffeisen* systems of Europe. American banks are far inferior to those of almost every other great country.

(7) Our farmers and school teachers are a great national asset, the farm is the basis of all material things, and education is the basis of all else. But we should not be too optimistic; our farmers and teachers should get busy. Let us be generous with both! Farming must be encouraged so as to be kept attractive, as we need more farmers. Teaching must be better paid, for we need stronger teachers. On the farms and in the school houses the future of America depends, and we should do everything possible to raise the efficiency of both.

The above are simple facts derived after four winters in Europe studying industrial, financial and social conditions. Therefore, I say let us invest much money at home! Spend a good sum of money on American products! Work with, instead of against, industry! Travel about the United States first! Let us be "boosters" instead of "knockers!" Every day let us thank God that we live in a land of prosperity and freedom; and let us strive to increase and distribute these two great American assets.

Respectfully submitted,

ROGER W. BABSON.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SIXTY-SEVENTH YEAR

AUGUST 1913

VOLUME LXXXVII, NO 2

Congress Takes Up Banking Legislation

AFTER much preliminary discussion of the matter, a bill was introduced in the Senate by Mr. OWEN on June 26, "To provide for the establishment of Federal reserve banks, for furnishing an elastic currency, affording means of rediscounting commercial paper, and to establish a more effective supervision of banking in the United States, and for other purposes." This bill is published in its entirety further along in these pages, and we are sure the bankers of the country will want to give it their careful study.

It will be observed that—with two important exceptions—the bill follows rather closely the main provisions of the measure put forth some time ago by the National Monetary Commission. No central reserve association is provided for, but instead a Federal Reserve Board is created to have supervisory powers over twelve or more Federal Reserve Banks, the latter to have a capital of not less than \$5,000,000, to be contributed by the existing banks putting up twenty per cent. of their capital.

Substantially, this is a reversal of the Reserve Association plan; the capital, instead of being at the centre under the control of a single organization, is at the branches, but these are really ruled by the Federal Reserve Board. The situation of the new banks

will be something like that of the Canadian chartered banks, the Federal Reserve Board resembling (in some respects) a head office and the Federal Reserve Banks (also in some respects only) suggesting a branch bank.

No doubt this change from the National Reserve Association plan was made to obviate the objections to a central organization; but the question arises whether the change is not more one of form than of substance. If it is deemed essential to have a central agency of any kind to act as a regulator of the country's banking credit, no doubt the National Reserve Association proposed by the National Monetary Commission would have been more efficient than the Federal Reserve Board. The National Reserve Association would have been managed by bankers, while the majority of those who direct the affairs of the Federal Reserve Board will be appointees of the President. Those who distrust bankers will no doubt think the latter plan preferable; others who fear political control of the country's credit machinery will take the contrary view. Probably from an impartial standpoint it may be said that purely on the ground of efficiency the control of bankers would be best, while fairness could have been secured by such Government representation as would have

assured a strict observance of the law. Congress, the Executive and the courts might have been relied on to prevent any injustice to the people.

The above is the first radical divergence from the plan of the National Monetary Association. Another important difference is in the character of the circulation to be issued. It will be remembered that the circulating notes of the National Reserve Association were credit instruments purely, backed by an adequate gold reserve. The notes authorized in the new bill "purport" to be Treasury notes, the volume to be \$500,000,000 plus the difference between the national bank notes outstanding at any given moment and the time of the passage of the new act. These "Treasury" notes are to be lent to the banks on the pledge of commercial paper as security.

It will thus be seen that while the new notes "purport" to be Treasury notes, they are really asset bank notes, for they are not issued on the credit of the United States nor against its property, but against the collateral security of the banks, and when a bank pays out the notes it must set aside in its vaults a reserve of $33\frac{1}{3}$ per cent. in gold or lawful money against the notes so paid out.

The student of American banking history can hardly fail to be amused by the fact that while these new notes would "purport" to be Treasury notes, they are in reality bank notes; but, on the other hand, that while the notes at present issued through the banks purport to be national bank notes, they are really Government notes issued on the credit of the United States in the form of its pledged bonds.

In the matter of bank reserves some very radical changes are proposed. In general, it may be said that the new law would take away a large part of the country bank reserves from the reserve cities and also the reserves held

by the banks in these cities and in the central reserve cities, placing the funds taken away with the Federal Reserve Banks. Although this process would be a gradual one, it may cause considerable inconvenience while taking place even if it does not result in a permanently injurious dislocation of the country's credits.

The new plan provides for the gradual changing of the present two per cent. bonds having the circulation privilege into three per cents. without that privilege.

The net earnings of the Federal Reserve Banks shall go to the shareholders to the extent of five per cent.; the remainder, one-half to surplus and one-half to the United States; when the surplus equals twenty per cent. of the capital, the excess earnings above five per cent. go to the United States.

A system of rediscounting and of acceptance of commercial paper by banks is provided for, and national banks in reserve and central reserve cities are authorized to make loans on farm lands.

National banks of \$1,000,000 or more capital may establish branches in foreign countries. The Federal Reserve Board is empowered to reject applications for the establishment of foreign branches if the capital of the bank making the application and which it is proposed to set aside for the conduct of foreign business is inadequate.

Upon examination the Federal Reserve Board will discover that a branch of an American national bank with a capital of \$1,000,000 will appear pitifully weak in comparison with the great banking institutions carrying on foreign operations in the principal cities of the world. American banking would be better represented abroad by a bank of large capital, and specially organized for foreign transactions. All but a very few of our largest banks are not sufficiently strong in their capital

equipment to venture into the foreign field.

[A measure of so much importance deserves careful study. The bill is far from being wholly bad. Indeed, in important respects it marks a decided improvement over existing conditions. Bank notes issued against commercial paper and gold are very much better than bank notes issued against Government bonds or bonds of any kind. But the method proposed for getting these notes into circulation and out of circulation is exceedingly faulty.] A true bank note should come forth automatically day by day in response to business demand, and the retirement of such notes should likewise be automatic. The bill under discussion would have the bank-note volume arbitrarily controlled by the Government. A regulation of bank credits generally, in a degree at least, is lodged with the Federal Reserve Board.

[Government regulation of bank notes or of other bank credits is a hopeless undertaking, utterly wrong in principle; and rather than perpetuate such a mistake in our banking legislation, we had better leave things alone, delaying legislation until a sound public opinion will support a wiser policy.

Again, the creation of a few large banks to act as reserve institutions has much to commend it. Such banks, with large capital and reserves and having the power to issue notes and to rediscount could be of great service to the other banks. But again, the benefit that such institutions might confer is nullified very materially, in our opinion, by making them subservient to the Federal Reserve Board, which would be ruled by appointees of the President of the United States. To have the credit of the country so ruled is open to serious objections, for it contains elements of political danger. We do not for a moment doubt that President Wilson, for example, is a conscientious

and patriotic gentleman, scrupulously regardful of the country's interests and jealous of its welfare. Most, if not all, American Presidents have been similarly high-minded and patriotic.

But we have observed that these patriotic and high-minded gentlemen are disposed to fill the public offices with friends who will carry out the policies of the President.

Now, we do not consider it a wise or a safe thing to have the bank credits of the country managed, as they would be under the terms of this bill, by persons appointed by the President of the United States. For it makes it possible for those who control politics to exercise control over the country's credits. This danger might be potential rather than actual, but is it not the part of wisdom to avoid it altogether? Suppose the great moral victory won at the Baltimore convention had not been won—what then? Would this not have been rather a juicy plum for the opposition?

Does this lead to the conclusion that the Federal Reserve Board would be acceptable were its powers exercised by bankers, chosen by other bankers, instead of by appointees of the President? We do not think so.

It seems certain that bankers chosen by other bankers could more wisely direct the affairs of the Federal Reserve Board than could any appointees whom the President would be likely to choose.

But in either case the main objection to the centralization of credit remains.

Whether centralized credit in the hands of bankers is preferable to such centralization in the hands of men of the President's choosing—that is a matter of opinion.

But when you carefully study what such centralization means—that it really amounts to taking away from the people a large degree of control of their credit and placing it in the hands of a board

at Washington, we think the conclusion must be reached that such centralization in and of itself is undesirable.

Can nothing, then, be done? Must present unsatisfactory conditions be permitted to continue indefinitely? We are not so despondent as to believe that.

It has been a principle of wise legislation that it merely seeks to establish such statutes as the people have already ratified in practice. Now, the people have not in practice ratified a central bank, a National Reserve Association or a Federal Reserve Board. To the American people these devices are strange. The bankers who must employ the machinery necessary to carry on the credit operations of the country, know absolutely nothing of any of them.

What is the use of straining after something new and untried whose workings may be harmful when we have ready at hand in the clearing-house a piece of familiar machinery upon which experience has taught us we may safely rely? Let us take this tried mechanism and adapt it to our needs, making its organization democratic and allowing the Government to inspect its workings so as to ensure fair play to the banks and to the public. Broaden the operations of the clearing-house so that all banks shall be embraced in its membership, clearing all their checks and notes at the most convenient centres, provide for careful clearing-house inspection of banks and Government inspection of clearing-houses, thus ensuring good banking and equitable treatment of all, and this new and elaborate machinery with its dangerous concentration of credit would not be necessary.

President WILSON and Mr. BRYAN no doubt sincerely believe there is a money trust whom they are commissioned to slay. But the Knight of the

Sorrowful Figure and his coadjutor, Sancho Panza, were not more mistaken when they charged the army of wind-mills than these two eminent gentlemen are now.

There may be doubts in some minds as to the existence of a "money trust" at the present time. There will be no such doubts should this bill become a law, for it would result in the creation of the greatest centralization of credit ever known. Doubtless the President and his friends will reply that such centralization will never be a source of danger while controlled by the people. We prefer not to run the risk. Besides, the servants of the people have not been exempt from the charge of being too friendly to this or that financial interest. And this consideration aside, it is a tremendous and dangerous power to place in the hands of the leader of any political party—the power to say, in effect, that unless you give me your support, I will deny credit to your farm, your store or your factory.

We repeat that such a centralization of credit in the hands of the President or in the hands of a board composed of bankers or of anybody else is a dangerous experiment and one likely to be regretted if made.

Finally, conceding as we do several conspicuous merits to this bill, and if the objections urged above could all be swept aside, it is based upon a principle essentially wrong and mischievous, namely, the idea that the Government can in any way satisfactorily regulate the country's demand for currency and credit. Until that dangerous fallacy can be unlearned, sound banking and currency legislation may indeed be looked for by the over-hopeful, but will be looked for in vain.

Political Banking Pure and Simple

ATTEMPTS are being made by the sponsors of the new currency bill to show that the management of the Federal Reserve Banks would be entrusted to the shareholding banks, that is, to the national or other banks in the district subscribing to the stock of the Federal Reserve Bank.

An examination of the bill will show the falsity of this claim.

In section four of the bill the following provisions appear for the choice of directors of the Federal Reserve Banks:

"Class A shall consist of three members, who shall be chosen by and be representative of the stock-holding banks.

"Class B shall consist of three members, who shall be representative of the general public interests of the reserve district.

"Directors of Class B shall be chosen at the same time and in the same manner hereinbefore prescribed for directors of Class A, except that they shall in no case be officers or directors of any bank or banking association, and shall not accept office as such during the term of their service as directors of the Federal Reserve Bank.

"Three directors belonging to Class C shall be chosen directly by the Federal Reserve Board."

Now, if this were all it would be true that the stockholding banks would control the Federal Reserve Banks. But it is not all. There is something else. Here is the "joker" which makes political control absolute:

"The Federal Reserve Board shall have power at its discretion to remove any director of Class B in any Federal Reserve Bank, if it should appear at any time that such director does not fairly represent the commercial, agri-

cultural or industrial interests of his district."

With power directly to choose three of the nine members of the board of directors of the Federal Reserve Banks and to remove three others, it will be seen that the management of these banks will be in the hands of the Federal Reserve Board at Washington. For this means substantially that six of the nine directors must be satisfactory to the Federal Reserve Board.

We have not the least desire to misrepresent the provisions of this bill. But if it does not aim at political banking, then we are unable to understand the measure.

In our judgment the bill represents Government distrust of bankers, and is based upon the false assumption that men appointed by the President of the United States (indirectly at least) can conduct the banking business of this country better than men chosen in the ordinary way by the banks' owners.

This is Government banking pure and simple, and conceivably it may become political banking of the worst kind.

We do not hesitate to say that it is unwise, dangerous and foolish meddling with a matter of the gravest concern to the country's prosperity.

Introduction of Branch Banking Into the United States

ONE of the provisions of the new banking bill (section three) authorizes the Federal Reserve Banks to establish branches in the districts where located, the total number of such branches being limited to one for each \$500,000 capital stock of the Federal Reserve Bank.

This departure marks the beginning of the branch banking system in the United States. For it must be remem-

bered that the Federal Reserve Banks will have the usual powers of ordinary national banks, except as limited or extended by the new act.

The system of large banks with branches no doubt has much to recommend it, though American banking has developed on different lines. It is not our purpose at this time to discuss branch banking, but merely to call attention to the fact that the new law marks the introduction of this system into the United States.

Depreciation of the Two Per Cent. Bonds

MUCH concern was caused in banking circles last month by a decline in the quotations of United States two per cent. bonds carrying them below par. As the national banks hold several hundred millions in these bonds as security for the circulating notes which they issue, the matter is of considerable importance to them. It goes without saying that there is no question as to the safety of the bank notes, for they are amply secured additionally.

That the present large volume of two per cent. bonds was able to be floated at par was due to the use of the bonds to secure bank circulation. Without this privilege attaching to them they would not have commanded anything like par.

The decline in the bonds, while due to several factors, was caused chiefly by the proposal to substitute other security as a basis of the country's bank-note circulation. It is proposed to convert the two per cents. into three per cents., the latter not being available as a basis for note circulation. By carrying the conversion along leisurely it is assumed that bonds bearing three per cent. will sell at or above par.

As the probable course of the Gov-

ernment with respect to the two per cent. bonds had given rise to some apprehension, the Secretary of the Treasury on July 9 made the following statement:

"A question has been raised as to the status of the two per cent. bonds in the event of the passage of the proposed currency bill.

"The bill as originally drawn provided for the compulsory refunding of ten per cent. of the outstanding 2s annually. Had this provision stood it would have been necessary to limit the circulation privilege of the banks to the amount of circulation they had outstanding against the Governments at the time of the passage of the bill, and such provision was incorporated in the measure.

"Subsequently it was determined to make the refunding of the 2s permissive instead of compulsory and to change the amount to be refunded from ten per cent. to five per cent. annually.

"This change made the limitation upon the power of the banks to take out circulation against the 2s unnecessary, but, through an oversight, this provision was not eliminated from the draft of the bill which is now under consideration.

"I have discussed this matter with Senator OWEN and Congressman GLASS, respectively chairmen of the banking and currency committees of the Senate and House, and we are all in entire agreement that the bill should be so amended as not to interfere with or impair the right of the banks to take out circulation against the two per cent. bonds now owned or hereafter acquired by them up to the full amount of their capital, as provided by existing law. Nothing will be done to abridge or impair the rights of the holders of the two per cent. bonds, whether such holders are banks or individuals. This is simple justice.

"The bill should, of course, provide that three per cent. bonds issued to refund the 2s shall not have the circulation privilege."

The disposition of the Government to deal fairly with the banks in this matter should have a reassuring effect. While the banks have made a slight profit on their circulation, the chief advantage has been with the Treasury in being able to float a two per cent. bond at par. The price was, of course, fictitious and the Government having enjoyed the benefits of the fiction should not now complain of having to pay the price of getting down to a basis of fact.

Proposed Confiscation of a Portion of the Earnings of National Banks

NOT content with taking away from the reserve city banks a material part of the deposits they have obtained as a result of wise management and because of services rendered, the new currency and banking bill proposes compulsorily to appropriate twenty per cent. of the capital of all the national banks, allowing them a maximum of five per cent. of the profits on the capital so "appropriated"; the Government confiscating the remainder to its own use.

The national banks are earning a considerably better rate of dividend than that—some of them much better—although the average profits for the whole country are not unreasonably large.

But banking is no doubt regarded in certain quarters as wicked and not entitled to over five per cent. Of course, if the earnings of any of the proposed Federal Reserve Banks should be, say, as much as fifteen per cent., the Government would benevolently appropriate the ten per cent., leaving five per cent.

to the shareholding banks that contributed the capital.

This style of high finance will no doubt awaken envy in the minds of certain brilliant lights of Wall Street who mistakenly supposed themselves masters of the game. But the Federal Government, should this bill become a law, will have them all beaten to a standstill. For the Government will make the banks yield up twenty per cent. of the capital whether they choose to do so or not; will kindly supervise the management; allow the contributing banks five per cent. and take everything else for itself!

We have used the word "confiscation" in describing this process. Nothing but a careful regard for the fine moral scruples of those framing the bill causes us to refrain from applying to it the harsher and juster term of robbery.

In boyhood's code the "taking" of watermelons was never considered as stealing. Apparently, in the code of those who framed this bill, the appropriation of banking profits to Government uses is viewed with the same lenient eye.

This simple process of taking away the money of another—even of a bank—may encounter a slight obstacle. The Fifth Amendment to the Constitution of the United States says:

"No person shall * * * be deprived of life, liberty or property without due process of law, nor shall private property be taken for public use without just compensation."

Thus the programme for confiscating bank earnings may find itself halted by the courts.

Were the contributions of capital made voluntary, this objection would disappear. But many of the national banks would refuse to take away one-fifth of their capital from employment in local business to be invested in an

outside banking venture whose profits would be less than those the bank was already earning.

This bill would despoil many localities of a great amount of money they now have in the shape of deposits of other banks, and would take some two

hundred millions of banking capital away from its present location to establish the new Federal Reserve Banks.

We do not believe the defects of the present banking system are great enough to justify such a revolutionary proceeding.

Centralized Credit Control or Real Freedom of Credit—Which Shall We Have?

Pending Bill Declared Unsound and Dangerous—Would Perpetuate a Fundamental Error

BY ELMER H. YOUNGMAN, EDITOR BANKERS MAGAZINE.

THE banking bill (Senate bill 2639) introduced in the Senate on June 26 is in my judgment one of the most dangerous and unsound measures ever introduced in the American Congress.

It virtually proposes to concentrate fifteen or twenty billions of banking credit under the control of a Federal Reserve Board, thus making possible what is now impossible under our system of numerous small banks with their ownership and management widely scattered, namely, the complete domination of credit by political bosses or by the financial powers to whom such bosses are subservient.

What a rich prize that would be as a bone of contention between rival political bosses and rival financial interests—the power to control credit and to fix the rate of discount in every corner of the country. Outside the Russian Empire, where the Imperial Bank is a department of the State Treasury, no such politico-financial despotism exists.

This country does not need and will not tolerate a central bank (even if

called a National Reserve Association) dominated by big bankers and those whom they control.

Nor does it need nor will it tolerate a political bank (even if called a Federal Reserve Board) controlled by the ruling political party.

The founders of this Government sought to avoid placing the purse and the sword in the same hands. The Secretary of the Treasury and the Comptroller of the Currency make their reports to the Speaker of the House of Representatives, not to the President. But here is a proposal to place in the hands of the President the power to give or to withhold credit, which has been aptly defined as the life-blood of commerce.

Such a power is too great to be placed in the hands of any man, and its exercise by him, even through his appointees, might become a source of grave danger.

Neither should this power be entrusted to a central bank (or National Reserve Association, so called), nor to any other board of any kind whatsoever, and howsoever composed; for no

board—whoever its members may be—can sit at Washington, or any other place, and determine justly or accurately the amount of credit, the kind of credit or the rate that should be paid for such credit.

Nor can these matters possibly be determined by Congress, nor by any department of the Government.

The only one who has sure knowledge of the needs of currency and credit is the man or the community that wants it.

The only sure means of testing the demand for currency and credit is the bank, which has its finger on the business pulse of individuals and the community. Banks are the scales that weigh the credit of communities and individuals, and are therefore the only instruments that can properly gauge and supply the demand for credit and currency.

When I take my note to a bank and lay it down, I buy credit from the bank, just as when I go to the fish-dealer and lay down my money I buy fish. For the bank to dictate to me (and whether this is done by the Government, a board or any other agency whatever comes to the same thing) what I should get in exchange for my note—that is, the kind of credit or money I should have—whether bank notes, coin, paper certificates or checks, would be just as impertinent as for the fish-dealer to try to give me cod-fish when I asked for mackerel.

Whether I shall obtain credit at all is a matter between me and my banker; because he is the only man in the community who has the machinery for testing my ability to pay.

What kind of credit (or currency) I shall swap my own credit for, that is my own affair purely.

All that the Government ought to do is to see that the notes are properly engraved so as to render counterfeiting difficult, and to see that the banks provide the coin and the machinery for promptly paying their notes.

My right to credit at the bank is based upon my ability to pay as prom-

ised—something which a bank alone is equipped to determine.

The right of the bank to issue its circulating credit notes should rest solely on the possession of an adequate amount of coin to pay the notes on demand and the machinery (through the clearing-house) to make redemption a fact and not a theory.

With a system of redemptions in effect all over the country similar to that long in successful operation at Boston for clearing out-of-town checks, and with this system extended to include bank notes as well as checks, the bank-note question would be practically solved; even if there were no limit to the issue of notes, and no pledged security whatever, it is very doubtful if there would be any redundancy of notes, for it must not be lost sight of that the banks do not determine the volume of notes, but their customers use only the amount of notes required. But it might be a wise precaution to limit the circulation to 100 per cent. of the bank's capital, and to set aside a small part of the present tax on circulation as a safety-fund out of which the notes of failed banks might be paid.

Under a proper system each community will decide for itself whether it wishes circulating credit in the form of checks or bank notes. (This statement is fully sustained by the experiences under the bank-note systems of New England and Indiana prior to the Civil War.)

Let me repeat, as being of supreme importance, that the people of each community themselves should retain control of their credit machinery, and not turn it over to a National Reserve Association, a Federal Reserve Board, or any outside agency whatever.

The power to determine the amount, kind and rate of credit is one which no community should yield up to outside domination. President Wilson's proposal to set credit free is really a proposal to enslave it—to take it away from twenty-five thousand banks, with their many thousands of shareholders, their millions of depositors and their

thousands of officers, each in touch with local conditions, vitally interested in local prosperity, and in close personal touch and sympathy with those who deal with the banks, and to place this power in the hands of a political board at Washington. And this is Mr. Wilson's idea of "setting credit free"!

Mr. Bryan is reported as saying that the notes to be issued under this bill are Treasury notes. He is mistaken now, just as he was in 1896 when he mistook a fifty-cent piece for a dollar. The proposed notes are bank notes, whatever they "purport" to be. For they are issued only against security put up by the banks, and are redeemed with the gold supplied by the banks. They are in no sense Treasury notes, for they are not based upon the credit of the Government, but upon security furnished by the banks.

But whoever drew this bill does not seem to have had the faintest suspicion of what a real credit bank note is or what are its functions.

I shall have little to say of the injustice of this measure toward the banks of the country, although much might well be said. It is proposed to take away from the reserve city banks several hundred millions of deposits of other banks which they now hold, and to compel these reserve city banks (and in fact all national banks) to contribute twenty per cent. of their capital to be used in organizing Federal Reserve Banks, which, to an extent at least, will be competitors of the banks thus despoiled of their funds. And the banks thus involuntarily yielding up a large part of their deposits and one-fifth their capital will have practically no voice in the management of the competing banks created with their money, and must be content with whatever return the political board of control chooses to let them have; in other words, the banks furnish the capital and a large part of the deposits for equipping and running the Federal Reserve Banks, the Government kindly provides the management, and takes the most of the profits.

Whether or not this is "setting credit

free" I do not know. But it certainly is being very free with other people's money.

Have the banks done anything for which they should be thus deprived compulsorily of their capital, their deposits and their profits? No; on the contrary, they have increased in number, built up their deposits, loaned vast sums to the communities where they are located and have been one of the prime forces in the development of American agriculture, manufacturing and commerce, and in return for these great services the national banks for the last forty-three years have paid to their shareholders in the shape of dividends but little over six per cent. on their capital and surplus.

If it be true, as I believe, that the control of credit should not be taken away from local banks and placed in the hands of a Reserve Association (really a central bank), or in the hands of a Federal Reserve Board composed of political appointees, does it follow then that we have encountered an impenetrable barrier to sensible currency and banking reform? I think not.

Suppose, so far as the problem is one of banking machinery, we forget all these learned essays about rediscount centres, reserve associations, and Federal Reserve Boards. Let us free our minds of the thought that it is necessary to set up any new machinery of any kind whatever. Instead, let us take the machinery we have, with which the banks and the people are familiar and whose workings have stood the test of experience.

The clearing-houses of the country constitute this machinery.

Let us bring all the national banks into the clearing-houses by legislation. The others will follow as a matter of convenience or necessity.

Simply provide that all the national banks shall become members of a clearing-house now existing or to be formed at the most convenient commercial centre.

Require the banks to provide for the redemption of checks drawn against them through these clearing-houses.

Also similarly to redeem their notes.

Provide that these clearing-houses shall appoint examiners to examine the banks which are members.

Provide for the appointment of a Government examiner to examine the clearing-house management.

It is the business of the banks through their clearing-house to see that the members of the clearing-house observe the rules of sound banking.

It is the business of the Government to see that the clearing-houses observe the rules of fair play—that they do not become arbitrary or oppressive in the enforcement of their regulations.

Clearing-house examination of banks, applied to all the banks of the country, will insure compliance with sound banking principles and thus greatly reduce bank failures, if it does not absolutely prevent them.

Government inspection of clearing-houses would prevent unfair action by these organizations, thus conserving the rights of the smaller banks and of the people.

It might be desirable in addition to have the constitution and by-laws of each clearing-house association subject to approval by the Comptroller of the Currency.

These suggestions put into practice, the two most desirable objects of banking regulation would be assured, namely, the universal observance of sound banking principles and fair play toward all banks and toward the public.

By providing for the redemption of bank checks at par the breaking down of the domestic exchange system, such as occurred in 1907, will be prevented. (The experience of the foreign department of the Boston Clearing-House in the year named proves this.) In other words, the most annoying feature of bank panics would be removed, and these panics thus shorn of their worst effects, if not prevented altogether.

With a common point at which all national banks in a certain district must redeem their checks, the national banks might then be given the right to issue their credit notes at least

to the extent of their capital; or any State bank or trust company could have the same right on becoming a member of the clearing-house and complying with its rules.

There is no haste for currency legislation at the special session of Congress. If an emergency should arise demanding additional currency next fall (which now seems unlikely), it can efficiently be met by a simple amendment to the Aldrich-Vreeland law (act of May 31, 1908) reducing the tax on circulation authorized by that act; or, better still, empower the Secretary of the Treasury in his discretion to remit the tax for a period of from three to four months during the fall and winter.

Let the discussion of this bill go on before the people until their deliberate opinion can be had.

I wish to state some conclusions regarding money and banking which seem to me fundamental:

(1) The real money of this country is gold.

(2) Banks should be compelled to carry only real money (gold or gold certificates) as reserves, otherwise they will be building up one credit on another credit.

(3) It is the function of the Government to coin money.

(4) The people themselves should regulate their own credits; and they alone should and can determine the form in which this credit should be issued.

(5) Demand for this credit will be measured and tested by the banks, which are the natural machinery for such purpose.

(6) Bank notes should be engraved by the Government, but issued by the banks, for the reason that the banks are in daily touch with business conditions in their communities, while the Government is not.

(7) The Government should see that the banks make proper provision for the daily redemption of their notes on demand.

(8) Government regulation of clear-

ing-house organization and inspection of clearing-house operations will insure both efficiency and fair treatment of the banks and the public.

Let me repeat that in my judgment Senate Bill 2639 is one of the most dangerous proposals ever introduced into the American Congress; that it will take away from local communities the regulation of their credit and place this regulation in the hands of a board, remotely situated, that cannot possibly exercise such function with accuracy and justice.

The proposed intermingling of banking and politics is unwise and perilous.

The concentration of credit in the hands of a Federal Reserve Board—

whether this board shall be composed of political appointees or of bankers—is a most hazardous experiment and one which may involve the gravest consequences.

But above and beyond all, this bill perpetuates the utterly mistaken notion that the Government can and should regulate the volume of bank notes and of other credits instead of allowing such demand to be daily regulated automatically through the banks of the country. Any measure based upon this fundamental error must of necessity prove unsound and dangerous in its operations creating and multiplying the very difficulties it is designed to prevent.

Bankers Approve "Crop-Note Currency"

THE proposal made by N. Johannsen in last month's *MAGAZINE* for the issue of "crop notes" has been received with marked favor by many bankers. From the many letters received by the author in support of his plan, the following have been selected as typical:

A. J. Frame, Waukesha, National Bank, Waukesha, Wis.:—"Your fundamental principles are sound to the core."*

W. D. Crowthers, Commercial National Bank, Brady, Texas:—"I consider this measure very superior and much simpler than any I have ever seen so far."

G. W. Nye, Garfield National Bank, Garfield, Wash.:—"We approve of the plan. It is short, but safe. We need a system with as little red tape as possible and one that we can put in operation right quick."

W. F. Lutz, California National Bank, Santa Ana, Cal.:—"After studying the different proposed currency-reform measures, I am free to say that with the exception of your 'crop notes' all of the other so-called reforms would have a tendency to inject more or less politics into the national banking system."

E. E. O'Brien, First National Bank, Luray, Kas.:—"I like the plan. It is surely an admirable supplement to our present system."

G. G. Cumberworth, First National Bank, Plainfield, Ind.:—"It seems to me the most practical plan yet mentioned, and I would favor it above all others suggested. Count on us to help push your plan."

Frank E. Cox, Otselic Valley National Bank, South Otselic, N. Y.:—"I most heartily approve of this idea. It strikes me as being the most simple and useful of any currency reform measure yet."

J. H. Emley, Citizens National Bank, Wisner, Neb.: "We heartily approve of the currency reform plan outlined by Mr. N. Johannsen. This is the most scientific flexible currency plan that has ever been worked out in this country. The currency reform plan contemplated by the organization of central banks or federal reserve banks is unscientific. No matter how organized, that plan will place in the hands of a few men the power of controlling the volume of money to be used by a great nation, a power far greater than should be permitted in this country. It is our opinion that 'The Crop Note' plan by Mr. Johannsen will quickly meet every emergency, and supply in a scientific manner just the kind of elastic currency that the United States has needed for years."

Of the opinions received, about eighty-five per cent. are in the same spirit as the above. The dissenting

ones are marked by a variety of views—some of the writers think it more important that the Government should guarantee deposits; some believe the plan will lead to inflation; some object to the “first-lien” clause; some prefer to rely upon President Wilson. All correspondents, however, with but few exceptions, favor the continuance of our present well-tried bank-note system, in preference to the centralizing tendency of the Government plan.

The extra form of currency suggested in Mr. Johannsen's plan would be pure credit bank notes, amply secured,

however. They would be much less expensive to the banks—and therefore to the business community—than the notes of a central bank or of the regional banks obtained through rediscounting.

Should the bill now before Congress fail to become a law, those charged with legislation may revert to a plan of this kind at least to bridge over the gap between the expiration of the Aldrich-Vreeland Act and the enactment of a more comprehensive banking and currency measure.

The New Banking and Currency Bill

IN the Senate of the United States, June 26, 1913, Mr. Owen introduced the following bill, which was read twice and referred to the Committee on Banking and Currency:

A BILL

To provide for the establishment of Federal reserve banks, for furnishing an elastic currency, affording means of rediscounting commercial paper, and to establish a more effective supervision of banking in the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be the “Federal Reserve Act.”

FEDERAL RESERVE DISTRICTS.

SEC. 2. That within ninety days after the passage of this Act, or as soon thereafter as practicable, the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency, acting as “The Reserve-Bank Organization Committee,” shall designate from among the reserve cities now authorized by law a number of such cities to be known as Federal reserve cities, and shall divide the continental United States into districts, each district to contain one of such Federal reserve cities: *Provided*, That the districts shall be apportioned with due regard to the convenience and customary course of business of the community and shall not necessarily coincide with the area of such State or States

as may be wholly or in part included in any given district. The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board hereinafter established, acting upon a joint application made by not less than ten national banks situated within one of the existing districts. The districts thus constituted shall be known as Federal Reserve districts and shall be designated by number according to the pleasure of the organization committee.

The organization committee shall, in accordance with regulations to be established by itself, proceed to organize in each of the reserve cities designated as hereinbefore specified a Federal reserve bank. Each such Federal reserve bank shall include in its title the name of the city in which it is situated, as “Federal Reserve Bank of Chicago,” and so forth. The total number of reserve cities designated by the organization committee shall be not less than twelve, and the organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigations as may be deemed necessary by the said committee for the purpose of determining the number of reserve cities to be designated.

Every national bank located within a given district shall be required to subscribe to the capital stock of the Federal reserve bank of that district a sum equal to twenty per centum of its unimpaired capital, one-half of such subscription to be paid in under the terms and conditions prescribed by the National Banking Act with refer-

ence to subscriptions to the stock of national banking associations. The remainder of the subscriptions or any part thereof shall become a liability of the subscribers, subject to call and payment thereof whenever necessary to meet the obligations of the Federal reserve bank under such terms and in accordance with such regulations as the board of directors of said Federal reserve bank may prescribe: *Provided*, That no Federal reserve bank shall be organized with a paid-up and unimpaired capital at the time of beginning business less in amount than \$5,000,000. The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of \$100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.

STOCK ISSUES.

SEC. 3. That the capital stock of each Federal reserve bank shall be divided into shares of \$100. The outstanding capital stock shall be increased from time to time as subscribing banks increase their capital or as additional banks become subscribers, and shall be decreased as subscribing banks reduce their capital or leave the organization. Each Federal reserve bank may establish branch offices under regulations of the Federal Reserve Board at a point within the Federal reserve district in which it is located: *Provided*, That the total number of such branches shall not exceed one for each \$500,000 of the capital stock of said Federal reserve bank.

FEDERAL RESERVE BANKS.

SEC. 4. That upon duly making and filing with the Comptroller of the Currency a certificate in the form required and described in sections fifty-one hundred and thirty-four and fifty-one hundred and thirty-five, Revised Statutes of the United States, such Federal reserve bank shall become a body corporate and as such and in the name designated, respectively, in the organization certificate shall have power to perform all those acts and to enjoy all those privileges and to exercise all those powers described in section fifty-one hundred and thirty-six, Revised Statutes, save in so far as the same shall be limited or extended, as the case may be, by the provisions of this Act. The Federal reserve bank so incorporated shall have succession for a period of twenty years from its organization, unless sooner dissolved by Act of Congress.

Every Federal reserve bank shall be or-

ganized and conducted under the oversight and control of a board of directors, whose powers shall be the same as those conferred upon the boards of directors of national banking associations under existing law, except in so far as expressly provided to the contrary in this Act. Such board of directors shall be constituted and elected as hereinafter specified and shall consist of nine members, holding office for three years and divided into three classes, designated as classes A, B and C.

Class A shall consist of three members, who shall be chosen by and be representative of the stock-holding banks.

Class B shall consist of three members, who shall be representative of the general public interests of the reserve district.

Class C shall consist of three members, who shall be designated by the Federal Reserve Board.

Directors of class A shall be chosen in the following manner:

It shall be the duty of the chairman of the board of directors of the Federal reserve bank of the district in which each such bank is situated to classify the member banks of the said district who are stockholders in the said Federal reserve bank into three general groups or divisions. Each such group shall contain as nearly as may be one-third of the aggregate number of the banks holding stock in the Federal reserve bank of the said district and shall consist of banks of similar capitalization. The said groups shall be designated by number at the pleasure or the chairman of the Federal reserve bank.

At a regularly called directors' meeting of each national bank in the Federal reserve district aforesaid, the board of directors of such member bank shall elect by ballot one of its own members as a district reserve elector and shall certify his name to the chairman of the board or directors of the Federal reserve bank of the district. The said chairman shall establish lists of the district reserve electors, class A, thus named by banks in each of the aforesaid three groups and shall transmit one list to each such elector in each group. Every elector shall, within fifteen days of the receipt of the said list, select and certify to the said chairman from among the names on the list pertaining to his group, transmitted to him by the chairman, one name, not his own, as representing his choice for Federal reserve director, class A. The name receiving the greatest number of votes, not less than a majority, shall be designated by said chairman as Federal reserve director for the group to which he belongs. In case no candidate shall receive a majority of all votes cast in any district, the chairman aforesaid shall establish an eligible list, including the three names receiving the greatest number of votes on the first ballot, and shall transmit said list

to the electors in each of the groups of banks established by him. Each elector shall at once select and certify to the said chairman from among the three names submitted to him his choice for Federal reserve director, class A, and the name receiving the greatest number of such votes shall be designated by the chairman as Federal reserve director, class A.

Directors of class B shall be chosen at the same time and in the same manner hereinbefore prescribed for directors of class A, except that they shall in no case be officers or directors of any bank or banking association, and shall not accept office as such during the term of their service as directors of the Federal reserve bank. They shall be fairly representative of the commercial, agricultural or industrial interests of their respective districts. The Federal Reserve Board shall have power at its discretion to remove any director of class B in any Federal reserve bank, if it should appear at any time that such director does not fairly represent the commercial, agricultural or industrial interests of his district.

Three directors belonging to class C shall be chosen directly by the Federal Reserve Board, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank of the district to which he is appointed and shall be designated as "Federal reserve agent." In addition to his duties as chairman of the board of directors of the Federal reserve bank of the district to which he is appointed, he shall be required to maintain under regulations to be established by the Federal Reserve Board a local office of said board which shall be situated on the premises of the Federal reserve bank of the district. He shall make regular reports to the Federal Reserve Board, and shall act as its official representative for the performance of the functions conferred upon it by this Act. He shall be paid an annual compensation to be fixed by the Federal Reserve Board and to be paid him monthly by the Federal reserve bank to which he is designated.

The Reserve Bank Organization Committee may, in organizing Federal reserve banks for the first time, call such meetings of bank directors in the several districts as may be necessary to carry out the purposes of this Act and may exercise the functions herein conferred upon the chairman of the board of directors of each Federal reserve bank pending the complete organization of such bank.

At the first meeting of the full board of directors of each Federal reserve bank subsequent to the organization of such bank it shall be the duty of the directors of classes A and B and C each to designate one of its members whose term of office shall expire in one year from the first of

January nearest to date of such meeting, one whose term of office shall expire at the end of two years from said date, and one whose term of office shall expire at the end of three years from said date. Thereafter every director of a Federal reserve bank chosen as hereinbefore provided shall hold office for a term of three years, but the chairman of the board of directors of each Federal reserve bank designated by the Federal Reserve Board, as hereinbefore described, shall be removable at the pleasure of the said board without notice, and his successor shall hold office during the unexpired term of the director in whose place he was appointed.

INCREASE AND DECREASE OF CAPITAL.

SEC. 5. That shares of the capital stock of Federal reserve banks shall not be transferable, nor be hypothecated; in case a subscribing bank increases its capital, it shall thereupon subscribe for an additional amount of capital stock of the Federal reserve bank of its district equal to twenty per centum of the bank's own increase of capital, paying therefor the then book value of the shares of the reserve bank as shown by the last published statement of said bank. A bank applying for stock in a Federal reserve bank at any time after the formation of the latter must subscribe for an amount of the capital of said reserve bank equal to twenty per centum of the capital of said subscribing bank, paying therefor its then book value as shown by the last published statement of said reserve bank. When the capital of any Federal reserve bank has been increased, either on account of the increase of capital of the banks holding stock therein or on account of the increase in the number of stockholding banks, the board of directors shall make and execute a certificate to the Comptroller of the Currency showing said increase in capital, the amount paid in and by whom paid. In case a subscribing bank reduces its capital it shall surrender a proportionate amount of its holdings in the capital of said Federal reserve bank, and if a bank goes into voluntary liquidation it shall surrender all of its holdings of the capital of said Federal reserve bank. In either case the shares surrendered shall be canceled and the bank shall receive in payment therefor a sum equal to their then book value as shown by the last published statement of said Federal reserve bank.

SEC. 6. That if any shareholder of a Federal reserve bank shall become insolvent and a receiver be appointed the stock held by it in said Federal reserve bank shall be canceled, and the balance of its value, after paying all debts due by such insolvent bank to said Federal reserve bank, shall be paid to the receiver of the insolvent bank. Whenever the capital stock of a Federal reserve bank is reduced, either on

account of a reduction in capital of the banks holding its stock or of the liquidation or insolvency of any such bank holding stock therein, the board of directors shall make and execute a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to each bank.

DIVISION OF EARNINGS.

SEC. 7. That the earnings of each Federal reserve bank shall be disposed of in the following manner:

After the payment of all expenses and taxes, the shareholders shall be entitled to receive an annual dividend of five per centum on the paid-in capital, which dividend shall be cumulative. One-half of the net earnings, after dividend claims, as hereinbefore provided, have been met, shall be paid into the surplus fund until said fund shall amount to twenty per centum of the paid-in capital of such bank, and the remaining one-half shall be paid to the United States; and whenever and so long as the surplus fund of such Federal reserve bank amounts to twenty per centum of the paid-in capital and the shareholders shall have received the dividends at the rate of five per centum per annum hereinbefore provided for, all excess earnings shall be paid to the United States.

Every Federal reserve bank incorporated under the terms of this Act shall be exempt from Federal, State and local taxation, except in respect to taxes upon real estate.

SEC. 8. That any national banking association heretofore organized may at any time within one year from the passage of this Act, and with the approval of the Comptroller of the Currency, be granted, as herein provided, all the rights, and be subject to all the liabilities, of national banking associations organized subsequent to the passage of this Act: *Provided*, That such action on the part of such associations shall be authorized by the consent in writing of shareholders owning not less than a majority of the capital stock of the association. Any national banking association now organized which shall not, within one year after the passage of this Act, become a national banking association under the provisions hereinbefore stated, or which shall fail to comply with any of the provisions of this Act, shall be dissolved; but such dissolution shall not take away or impair any remedy against such corporation, its stockholders or officers, for any liability or penalty which shall have previously been incurred.

SEC. 9. That any bank or banking association incorporated by special law of any State or of the United States, or organized under the general laws of any State of the United States, and having an unimpaired capital sufficient to entitle it to become a

national banking association under the provisions of this Act, may, by the consent in writing of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or banking association, and with the approval of the Comptroller of the Currency, become a national banking association under its former name or by any name approved by the comptroller. The directors thereof may continue to be the directors of the association so organized until others are elected or appointed in accordance with the provisions of the law. When the comptroller has given to such bank or banking association a certificate that the provisions of this Act have been complied with, such bank or banking association, and all its stockholders, officers and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities and regulations, in all respects, as shall have been prescribed for associations originally organized as national banking associations under this Act.

STATE BANKS AS MEMBERS.

SEC. 10. That from and after the passage of this Act any bank or banking association or trust company incorporated by special law of any State, or organized under the general laws of any State or the United States, may make application to the Federal Reserve Board hereinafter created for the right to subscribe to the stock of the Federal reserve bank organized within the Federal reserve district where located. The Federal Reserve Board may, at its discretion, subject to the provisions of this section, entitle such applying bank to become a stockholder in the Federal reserve bank of the district in which such applying bank is located, or at its discretion may reject such application or cancel the membership of a bank. Whenever the Federal Reserve Board may entitle such an applying bank to become a stockholder in the Federal reserve bank of the district in which the applying bank is located, stock shall be issued and paid for under the rules and regulations in this Act provided for national banks which become stockholders in Federal reserve banks.

It shall be the duty of the Federal Reserve Board to establish by-laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies hereinbefore referred to for stock ownership in Federal reserve banks. Such by-laws shall require of applying banks not organized under Federal law that they comply with the reserve requirements and submit to the inspection and regulation provided in this Act. No such applying bank shall be admitted to stock ownership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking as-

sociation in the place where it is situated, under the provisions of the National Banking Act, and conforms to the provisions herein prescribed for national banking associations of similar capitalization and to the regulations of the Federal Reserve Board.

If at any time it shall appear to the Federal Reserve Board that a banking association or trust company organized under the laws of any State or of the United States has failed to comply with the provisions of this section or the regulations of the board, it shall be within the power of the said board to require such banking association or trust company to surrender its stock in the Federal reserve bank in which it holds shares upon receiving from such bank the then book value of the said shares in current funds, and said Federal reserve bank shall upon notice from the Federal Reserve Board be required to suspend the designated banking association or trust company from further privileges of membership, and shall within thirty days of such notice cancel and retire its shares and make payment therefor in the manner herein provided.

FEDERAL RESERVE BOARD.

SEC. 11. That there shall be created a Federal Reserve Board, which shall consist of seven members, including the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency, who shall be members ex officio, and four members chosen by the President of the United States, by and with the advice and consent of the Senate. The four members of the Federal Reserve Board chosen by the President and confirmed as aforesaid shall each receive an annual salary of \$10,000; and the Comptroller of the Currency, as ex officio member of said Federal Reserve Board, shall, in addition to the salary now paid him as comptroller, receive the sum of \$5,000 annually for his services as a member of said board. Of those thus appointed by the President at least one shall be a person experienced in banking; and one shall serve for two, one for four, one for six, and one for eight years, respectively, and thereafter each member so appointed shall serve for a term of eight years unless sooner removed for cause by the President. Of the four persons thus appointed, one shall be designated governor and one vice-governor of the Federal Reserve Board. The governor of the Federal Reserve Board, subject to the supervision of the Secretary of the Treasury and board, shall be the active managing officer of the Federal Reserve Board.

The Federal Reserve Board shall have power to levy semi-annually upon the Federal reserve banks, in proportion to capital, an assessment sufficient to pay its estimated expenses for the half year succeeding the levying of such assessment, togeth-

er with any deficit carried forward from the preceding half year.

The first meeting of the Federal Reserve Board shall be held in Washington, District of Columbia, as soon as may be after the passage of this Act, and after the organization of Federal reserve banks in the several districts, as herein provided, at a date to be fixed by the Reserve Bank Organization Committee hereinbefore created. The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board. No member of the Federal Reserve Board shall continue to hold office or to act as a director of any bank or banking institution or Federal reserve bank; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Whenever a vacancy shall occur among the four members of the Federal Reserve Board chosen by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when chosen, shall hold office for the unexpired term of the member whose place he is selected to fill.

Section three hundred and twenty-four of the Revised Statutes of the United States shall be amended so as to read as follows: "There shall be in the Department of the Treasury a bureau charged, except as in this Act otherwise provided, with the execution of all laws passed by Congress relating to the issue and regulation of currency issued by national banking associations, the chief officer of which bureau shall be called the Comptroller of the Currency, and shall perform his duties under the general direction of the Secretary of the Treasury, acting as the chairman of the Federal Reserve Board."

SEC. 12. That the Federal Reserve Board hereinbefore established shall be authorized and empowered:

(a) To examine at its discretion the accounts, books, and affairs of each Federal reserve bank and to require such statements and reports as it may deem necessary.

(b) To require or on application to permit a Federal reserve bank to rediscount the paper of any other Federal reserve bank.

(c) To suspend for a period not exceeding thirty days (and to renew such suspension for periods not to exceed fifteen days) any and every reserve requirement specified in this Act:

(d) To supervise and regulate the issue and retirement of Treasury notes to Federal reserve banks.

(e) To add to the number of cities classified as reserve and central reserve cities under existing law in which national banking associations are subject to the re-

serve requirements set forth in section twenty-one of this Act; or to reclassify existing reserve and central reserve cities and to designate the banks therein situated as country banks at its discretion.

(f) To require the removal of officials of Federal reserve banks for incompetency, dereliction of duty, fraud or deceit.

(g) To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal reserve banks.

(h) To suspend the further operations of any Federal reserve bank and appoint a receiver therefor.

(i) To perform the duties, functions, or services specified or implied in this Act.

REDISCOUNTS.

Sec. 13. That any Federal reserve bank may receive from any of its stockholders deposits of current funds in lawful money, national bank notes, Federal reserve notes, or checks and drafts upon solvent banks, domestic and foreign, or acceptances authorized by this Act.

Upon the indorsement of any member bank any Federal reserve bank may discount notes and bills of exchange arising out of commercial transactions; that is, notes and bills of exchange issued or drawn for agricultural, industrial or commercial purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act; but such definition shall not include notes or bills issued or drawn for the purpose of carrying or trading in stocks, bonds or other investment securities, except notes or bills having a maturity of not exceeding four months and secured by United States bonds or bonds issued by any State, county, or municipality of the United States. Notes and bills admitted to discount under the terms of this paragraph must have a maturity of not more than forty-five days.

Upon the indorsement of any member bank any Federal reserve bank may discount the paper of the classes hereinbefore described having a maturity of more than forty-five and not more than one hundred and twenty days, when its own cash reserve exceeds thirty-three and one-third per cent., of its total outstanding demand liabilities; but not more than fifty per cent. of the total paper so discounted for any depositing bank shall have a maturity of more than sixty days.

Upon the indorsement of any member bank any Federal reserve bank may discount acceptances of such banks which are based on the exportation or importation of goods and which mature in not more than ninety days and bear the signature of at least one member bank in addition to that of the acceptor. The amount so discounted shall at no time exceed one-half the

capital of the bank for which the rediscounts are made. The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at no time exceed ten per centum of the unimpaired capital and surplus of said bank.

Any member bank may, at its discretion, accept drafts or bills of exchange drawn upon it having not more than six months sight to run and growing out of transactions involving the importation or exportation of goods; but no bank shall accept such bills to an amount equal in the aggregate to more than one-half the face value of its paid-up and unimpaired capital.

Sec. 14. Whenever in the opinion of the Federal Reserve Board the public interest so requires, the Federal Reserve Board may authorize the reserve bank of the district to discount the direct obligations of member banks, secured by the pledge and deposit of satisfactory securities; but in no case shall the amount so loaned by a Federal reserve bank exceed three-fourths of the actual value of the securities so pledged or one-half the amount of the paid-up and unimpaired capital of the member bank.

OPEN-MARKET OPERATIONS.

Sec. 15. That any Federal reserve bank may, under rules and regulations prescribed by the Federal Reserve Board, purchase and sell in the open market, either from or to domestic or foreign banks or individuals, bankers' bills, cable transfers and bills of exchange of the kind and maturities by this Act made eligible for rediscount.

Every Federal reserve bank shall have power (a) to deal in gold coin and bullion both at home and abroad, to make loans thereon, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds; (b) to invest in United States bonds and in short-time obligations of the United States or its dependencies or of any State or foreign Government; (c) to purchase from member banks and to sell, with or without its indorsement, checks or bills of exchange arising out of commercial transactions, as hereinbefore defined, payable in foreign countries; but such bills of exchange must have not exceeding ninety days to run and must bear the signature of two or more responsible parties, of which the last shall be that of a subscribing bank; (d) to establish each week, or as much oftener as required, subject to review and determination of the Federal Reserve Board, a minimum rate of discount to be charged by such bank for each class of paper, which shall be made with a view to accommodating the commerce of the country and

promoting a stable price level; and (e) with the consent of the Federal Reserve Board, to open and maintain banking accounts in foreign countries and establish agencies in such countries wheresoever it may deem best for the purpose of purchasing, selling and collecting foreign bills of exchange, and to buy and sell with or without its indorsement, through such correspondents or agencies, checks or prime foreign bills of exchange arising out of commercial transactions which have not exceeding ninety days to run and which bear the signature of two or more responsible parties.

GOVERNMENT DEPOSITS.

SEC. 16. That all moneys now held in the general fund of the Treasury shall, upon the direction of the Secretary of the Treasury, within twelve months of the passage of this Act, be deposited in Federal reserve banks, which shall act as fiscal agents of the United States; and thereafter the revenues of the Government shall be regularly deposited in such banks, and disbursements shall be made by checks drawn against such deposits.

The Secretary of the Treasury shall, from time to time, apportion the funds of the Government among the said Federal reserve banks, and may, at his discretion, charge interest thereon and fix, from month to month, a rate which shall be regularly paid by the banks holding such deposits: *Provided*, That no Federal reserve bank shall pay interest upon any deposits except those of the United States.

The Government of the United States and the banks depositing in the Federal reserve banks shall be the only depositors in said reserve banks. All domestic transactions of the Federal reserve banks involving a rediscount operation or the creation of deposit accounts shall be confined to the Government and the depositing banks, with the exception of the purchase or sale of Government or State securities, or securities of foreign Governments, or of gold coin or bullion.

NOTE ISSUES.

SEC. 17. That an issue of Federal Reserve Treasury notes not to exceed \$500,000,000 and in addition thereto a sum equal to the difference between the total amount of national bank notes outstanding at any given moment and the amount of such notes outstanding at the passage of this Act is hereby authorized. The said notes shall purport on their faces to be the obligations of the United States, and shall be issued, at the discretion of the Federal Reserve Board, and solely for the purpose of making advances to Federal reserve banks, as hereinafter set forth. They shall be receivable for all taxes, customs, and other public dues, and shall be redeemed in gold on

demand at the Treasury Department in the city of Washington, District of Columbia, or at any Federal reserve bank; and when deposited with such bank for redemption may be charged off by said bank against Treasury balances on its books, or may be paid out of its lawful money funds specifically set apart for their redemption.

Any Federal reserve bank may, upon vote of its directors, make application to the Federal Reserve Board through the local Federal reserve agent for such amount of the Treasury notes hereinbefore provided for as it may deem best. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral security to protect the notes for which application is made, equal in amount to the sum of the notes thus applied for. The collateral security thus offered shall be notes and bills accepted for rediscount under the provisions of sections thirteen, fourteen and fifteen of this Act, and the Federal Reserve Board shall be authorized at any time to call upon a Federal reserve bank for additional deposits of security.

Whenever any Federal reserve bank shall pay out or disburse Federal reserve Treasury notes of the issue herein provided it shall segregate in its own vaults and shall carry to a special account on its books gold or lawful money equal in amount to thirty-three and one-third per centum of the Treasury notes so paid out by it. The Federal Reserve Board shall have power, in its discretion, to require Federal reserve banks to maintain on deposit in the Treasury of the United States a sum in gold or lawful money equal to five per centum of such amount of Federal Reserve Treasury notes as may be issued to them under the provisions of this Act; but such five per centum shall be counted and included as part of the thirty-three and one-third per centum reserve hereinbefore required. The said Board shall also have the right to grant in whole or in part or to reject entirely the application of any Federal Reserve bank for Federal Reserve Treasury notes; but to the extent and in the amount that such application may be granted the Federal Reserve Board shall, through its local Federal reserve agent, deposit Treasury notes with the bank so applying, and such bank shall be charged with the amount of such notes and shall pay such rate of interest on said amount as may be established by the Federal Reserve Board, and the amount of such Treasury notes so issued to any such bank shall, upon delivery, become a first and paramount lien on all the assets of such bank.

Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve Treasury notes by the deposit of Federal reserve Treasury notes whether issued to such bank or to some other member bank, other lawful money of

the United States, or gold bullion, with the Federal reserve agent or with the Treasurer of the United States, and such reduction shall be accompanied by a corresponding reduction in the reserve fund of lawful money set apart for the redemption of said notes and by the release of a corresponding amount of the collateral security deposited with the local Federal reserve agent.

Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of Federal reserve Treasury notes deposited with it, and shall at the same time substitute other collateral of equal value approved by the Federal reserve agent under regulations to be prescribed by the Federal Reserve Board.

It shall be the duty of every Federal reserve bank to receive on deposit, at par and without charge for exchange or collection, checks and drafts drawn upon any of its depositors or by any of its depositors upon any other depositor and checks and drafts drawn by any depositor in any other Federal reserve bank upon funds to the credit of said depositor in said reserve bank last mentioned. The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds at par among Federal Reserve Banks, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, and may also require each such bank to exercise the functions of a clearing house for its shareholding banks.

SEC. 18. That no national banking association shall be entitled to receive from the Comptroller of the Currency or to issue circulating notes in excess of the total amount of such notes which such bank may have outstanding at the passage of this Act, and no national banking association which may in future reduce its outstanding circulating notes in the manner prescribed by law shall hereafter be entitled to receive from the Comptroller of the Currency or to issue circulating notes in excess of the sum to which its outstanding notes shall have been reduced by such withdrawals.

SEC. 19. That so much of the provisions of section fifty-one hundred and fifty nine of the Revised Statutes of the United States, and section four of the Act of June twentieth, eighteen hundred and seventy-four, and section eight of the Act of July twelfth, eighteen hundred and eighty-two, and of any other provisions of existing statutes, as require that before any national banking association shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States United States registered bonds to an amount, where the capital is

\$150,000 or less, not less than one-fourth of its capital stock, and \$50,000 where the capital is in excess of \$150,000, be, and the same is hereby, repealed.

REFUNDING BONDS.

SEC. 20. Upon application the Secretary of the Treasury shall exchange the two per centum bonds of the United States bearing the circulation privilege theretofore deposited by any national banking association with the Treasurer of the United States as security for circulating notes for three per centum bonds of the United States without the circulation privilege, payable after twenty years from date of issue, and exempt from Federal, State, and municipal taxation both as to income and principal. When and in proportion as the outstanding two per centum bonds deposited with the Treasurer shall be thus exchanged or refunded, the power of national banks to issue circulating notes secured by United States bonds shall cease and terminate. Every national bank may continue to apply for and receive from the Comptroller of the Currency circulating notes under the conditions provided by this Act, but no national bank shall be permitted to issue circulating notes of any description or to issue or to make use of any substitute for such circulating notes in the form of clearing-house certificates, cashier's checks, or other obligation not specifically provided for under this Act, and no national bank shall, without consent of the Secretary of the Treasury, in any one year present two per centum bonds for exchange in the manner hereinbefore provided to an amount exceeding five per centum of the total amount of bonds on deposit with the Treasurer by said bank at the time of the passage of this Act. At the expiration of twenty years from the passage of this Act every holder of United States two per centum bonds then outstanding shall receive in exchange three per centum bonds of like denomination payable twenty years from date of issue, and without the circulation privilege. After twenty years from the date of the passage of this Act national-bank notes still remaining outstanding shall be recalled and redeemed by the national banking associations issuing the same within a period and under regulations to be prescribed by the Federal Reserve Board, and notes still remaining in circulation at the end of such period shall be secured by an equal amount of lawful money deposited in the Treasury of the United States by the banking associations originally issuing such notes.

BANK RESERVES.

SEC. 21. That within sixty days from and after the date when the Secretary of the Treasury shall have officially announced,

in such manner as he shall elect, the fact that a Federal Reserve bank has been established, every national banking association shall establish with the Federal Reserve bank of its district a credit balance on the books of the latter institution equal to not less than three per centum of its own total demand liabilities, exclusive of circulating notes, and at the end of fourteen months from the date fixed by the Secretary of the Treasury shall increase the said three per centum to five per centum. Such balance may at any time be increased, but shall at no time be allowed to fall below the amounts aforesaid.

From and after the date set by the Secretary of the Treasury and officially announced by him as hereinbefore provided, it shall be the duty of national banking associations now classified as country banks and situated outside of central reserve and reserve cities to maintain a reserve equal to fifteen per centum of the aggregate amount of their deposits. Such reserve shall consist of five per centum of lawful money held actually in their own vaults and for a period of fourteen months from the date aforesaid shall consist of at least three per centum and thereafter of at least five per centum, with its district Federal reserve bank. The remainder of the fifteen per centum reserve hereinbefore required may for a period of thirty-six months from and after the date set by the Secretary of the Treasury, as hereinbefore provided, consist of balances due to a national bank in reserve or central reserve cities as now defined by law. From and after a date thirty-six months subsequent to the date set by the Secretary of the Treasury, as hereinbefore provided, the said remainder of the fifteen per centum reserve required of country banks shall consist either of lawful money in its own vaults or of balances on deposit with the Federal reserve bank of its district, or both: *Provided*, That the Federal Reserve Board may, in its discretion, permit said remainder of fifteen per centum reserve required of country banks to consist of balances on deposit with any bank in a reserve or central reserve city as defined by law.

BANKS IN RESERVE CITIES.

From and after the date set by the Secretary of the Treasury for the incorporation of the Federal reserve bank within such district it shall be the duty of the national banks in such reserve cities to maintain for a period of twenty-six months a reserve of twenty-five per centum of their outstanding deposits and for twelve months thereafter a reserve of twenty-two and one-half per centum, and at the end of thirty-eight months, and permanently thereafter, a reserve of twenty per centum of their outstanding deposits. For sixty

days from the date set by the Secretary for the organization of the reserve bank in such district each national bank in the reserve cities shall maintain in its own vaults, in lawful money, a sum equal to twelve and one-half per centum of its outstanding deposits and thereafter a sum of lawful money equal to ten per centum of its deposits. The additional legal reserve above the lawful money required in its own vaults may be kept either with the Federal reserve bank or with a reserve agent in the central reserve cities, for a period not exceeding thirty-six months from the organization of the Federal reserve bank in such district: *Provided, however*, That the requirement of a balance of three per centum and five per centum, respectively, of its deposits with the Federal reserve bank of its district, as hereinbefore provided, shall not be diminished.

CENTRAL RESERVE CITY BANKS.

The national banks in central reserve cities, for a period of fourteen months, shall maintain a reserve, in lawful money, equal to twenty-five per centum of their deposits and thereafter, for a further period of twelve months, a reserve in lawful money equal to twenty-two and one-half per centum of their deposits and after twenty-six months they shall maintain a reserve in lawful money equal to twenty per centum of their outstanding deposits. For a period of sixty days after the passage of this Act each such bank shall maintain, in its own vaults, in lawful money, a sum equal to twenty per centum of its deposits, and thereafter, in lawful money, ten per centum of its deposits. It shall be optional with such banks to keep their reserve, in addition to the lawful money required to be kept by them as aforesaid, either in their own vaults or as a deposit with the Federal reserve bank of the district in which such national bank is located: *Provided, however*, That the requirement of a balance of three per centum and five per centum respectively, with the Federal reserve bank of its district, as hereinbefore provided, shall not be diminished.

SEC. 22. That so much of sections two and three of the Act of June twentieth, eighteen hundred and seventy-four, entitled "An Act fixing the amount of United States notes, providing for a redistribution of the national bank currency, and for other purposes," as provides that the fund deposited by any national banking association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the Act aforesaid, be, and the same is hereby, repealed. And from and after the passage of this Act such fund of five per centum shall in no case be counted by any national

banking association as a part of its lawful reserve.

SEC. 23. That every Federal reserve bank shall at all times have on hand in its own vaults, in gold or lawful money, a sum equal to not less than thirty-three and one-third per centum of its outstanding demand liabilities.

BANK EXAMINATIONS.

SEC. 24. That the examination of the affairs of every national banking association authorized by existing law shall take place at least twice in each calendar year and as much oftener as the Federal Reserve Board shall consider necessary in order to furnish a full and complete knowledge of its condition. The Secretary of the Treasury may, however, at any time direct the holding of a special examination. The person assigned to the making of such examination of the affairs of any national banking association shall have power to call together a quorum of the directors of such association, who shall, under oath, state to such examiner the character and circumstances of such of its loans or discounts as he may designate; and from and after the passage of this Act all bank examiners shall receive fixed salaries, the amount whereof shall be determined by the Federal Reserve Board and shall be annually reported to Congress. But the expense of the examinations herein provided for shall be assessed by the Federal Reserve Board upon the associations examined in proportion to assets or resources held by such associations upon a date during the year in which such examinations are held to be established by the Federal Reserve Board. The Comptroller of the Currency shall so arrange the duties of national bank examiners that no two successive examinations of any association shall be made by the same examiner.

In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the Federal Reserve Board, arrange for special or periodical examination of the member banks within its district. Such examination shall be so conducted as to inform the Federal reserve bank under whose auspices it is carried on of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times be bound to furnish to the Federal Reserve Board such information as may be demanded by the latter concerning the condition of any national banking association organized within the district in which the said Federal reserve bank is located, and it shall have power at all times to order special examinations without notice, for the purpose of

ascertaining the condition of a member bank.

The Federal Reserve Board shall as often as it deems best, and in any case not less frequently than four times each year, order an examination of national banking associations in reserve cities. Such examinations shall show in detail the total amount of loans made by each bank on demand, on time, and the different classes of collateral held to protect the various loans.

SEC. 25. That no national bank shall hereafter make any loan or grant any gratuity to any examiner of such bank. Any bank offending against this provision shall be deemed guilty of a misdemeanor and shall be fined not more than \$1,000, and a further sum equal to the money so loaned or gratuity given; and the officer or officers of a bank making such loan or granting such gratuity shall be likewise deemed guilty of a misdemeanor and shall be fined not to exceed \$300. Any examiner accepting a loan or gratuity from any bank examined by him shall be deemed guilty of a misdemeanor and shall be fined not more than \$500, and a further sum equal to the money so loaned or gratuity given; and shall forever thereafter be disqualified from holding office as a national bank examiner. No national-bank examiner shall perform any other service for compensation while holding such office.

No officer or director of a national bank shall receive or be beneficiary, either directly or indirectly, of any fee, brokerage, commission, gift, or other consideration for or on account of any loan, purchase, sale, payment, exchange, or transaction made by or on behalf of a national bank of which he is such officer or director. Any person violating any provision of this Act shall be punished by a fine of not exceeding \$5,000, or by a term in the penitentiary not exceeding three years, or both such fine and imprisonment.

SEC. 26. That from and after the passage of this Act the stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in any national banking association who shall have transferred their shares or registered the transfer thereof within sixty days next before the date of the failure of such association to meet its obligations shall be liable to the same extent as if they had made no such transfer; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure. Section fifty-one hundred and fifty-one,

Revised Statutes of the United States, is hereby reenacted except in so far as modified by this section.

LOANS ON FARM LANDS.

SEC. 27. That any national banking association not situated in a reserve city or central reserve city may make loans secured by improved and unencumbered farm land, and so much of section fifty-one hundred and thirty-seven of the Revised Statutes as prohibits the making of such loans by banks so situated shall be, and the same is hereby, repealed; but no such loan shall be made for a longer time than nine months, nor for an amount exceeding fifty per centum of the actual value of the property offered as security, and such property shall be situated within the Federal reserve district in which the bank is located. Any such bank may make such loans in an aggregate sum equal to twenty-five per centum of its capital and surplus, or fifty per centum of its time deposits.

The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

FOREIGN BRANCHES.

SEC. 28. That any national banking association possessing a capital of \$1,000,000 or more may file application with the Federal Reserve Board, upon such conditions and under such circumstances as may be prescribed by the said board, for the purpose of securing authorization to establish branches in foreign countries for the furtherance of the foreign commerce of the

United States and to act, if required to do so, as fiscal agents of the United States. Such application shall specify, in addition to the name and capital of the banking association filing it, the foreign country or countries or the dependencies of the United States where the banking operations proposed are to be carried on and the amount of capital set aside by the said banking association filing application for the conduct of its foreign business at the branches proposed by it to be established in foreign countries. The Federal Reserve Board shall have power to reject such application if, in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate or if for other reasons the granting of such application is deemed inexpedient.

Every national banking association which shall receive authorization to establish branches in foreign countries shall be required at all times to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and the Federal Reserve Board may order special examinations of the said foreign branches at such time or times as it may deem best. Every such national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accruing at each such branch as a separate item.

SEC. 29. That all provisions of law inconsistent with or superseded by any of the provisions of this Act be, and the same are hereby, repealed.

The South African Gold Mining Industry

CONTRIBUTED BY D. P. MORGAN, NATIONAL BANK OF SOUTH AFRICA, LTD.,
CAPE TOWN, SOUTH AFRICA; ASSOCIATE OF THE LONDON INSTITUTE
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BANKERS.

SOUTH AFRICA owes its present position in the world of commerce and industry almost entirely to the successful exploitation of its mineral resources—diamonds in the first instance, and gold in the second and more important instance. Prior to the commencement of diamond digging

about the year 1869, this was a poor, struggling country, sparsely populated, with practically no railways, and with its resources almost wholly undeveloped. Minerals of various kinds have been found abundantly in various parts of South Africa, but the extraordinary richness of the gold and diamond mines

attracted vast sums of oversea capital into the country, and the result is that these mines, thanks to efficient organization and control, have attained a very high degree of development. The economic condition of South Africa has been changed; the country has, in fact, been placed in a position to prepare for competition with other nations in the fulness of time, not only in the matter of mineral production, but in the production of commodities, generally. Mining has, in fact, given a great impetus to the building of railways, and to the expansion of the public revenue. Certain towns, now comparatively thickly populated, owe their existence to mineral production; banking has developed, and there have been collected within the four Provinces now forming the Union, some £85,000,000 in deposits, while the banks again supply the public with credit facilities to the extent of over £30,000,000. This country exports goods and products valued at about £64,000,000, of which total no less than eighty per cent. is accounted for by gold and diamonds.

Though the diamond industry was active before the discovery of gold, even a very imperfect conception of the real riches of the gold mines served to attract to the new industry capital and population to such an extent that it soon became the country's premier industry. While to-day, therefore, diamonds are being produced at the rate of about £9,000,000 per annum, the value of gold produced is four and a half times as much. Of the present total of gold annually produced in South Africa, one Province alone—the Transvaal—is responsible for ninety per cent. Mines of extraordinary richness exist there, and continue to increase their production year by year. Some idea of the wonderful progress made by the Transvaal mines and of their contribution to the world's stock of gold during the last quarter of a century may be gathered from the accompanying table. For each period of five years, between 1887 and 1911, the mean annual average is

shown in the case of both output and dividend distribution.

Period.	Output. (Annual average.)	Percentage of World's total.	Dividend distrib- ution. (Annual average.)
1887-'91 ...	£148,263	.61	£251,425
1892-'96 ...	6,972,419	19.1	1,541,209
1897-1901 .	9,185,014	16.6	2,318,854
1902-'06 ...	16,286,037	22.6	4,007,368
1907-'11 ...	31,087,874	41.8	8,515,400
1912	38,757,560	42.0*	8,331,575

*(About)

An explanation is necessary in the case of the third period (1897-1901). The annual averages of output and dividend distributions are certainly in excess of those of the preceding period, but the percentage of the Transvaal output to the total world's output is less. This, it should be said, is entirely due to the war which raged during this period, and does not in any way indicate a natural setback in the industry. Making allowance then for this fact it may be fairly claimed that no other district in the world has been found to possess such vast and such rich deposits of gold as that of the Transvaal. As regards dividends paid, it will be seen that the 1912 total is less than the average per year of the period just preceding. This does not indicate that dividend distributions are on the downward grade, for last year's dividends exceeded those of 1911 by £237,407.

Name of Mine.	Dividend Distributed in 1912.	Total Amount Distributed to Date.	No. of Dec- lara- tions.
Robinson	£618,750	£9,574,688	41
Crown Mines....	1,034,116	5,794,938	23
Simmer & Jack.	450,000	4,566,461	21
East Rand Prop	611,474	3,655,138	15
Robinson Deep.	275,000	3,225,186	20
Village Main R'f	330,400	2,911,943	24
Van Ryn G. M..	225,000	1,569,500	18
Rose Deep.....	315,000	2,231,125	23
City & Suburban	204,000	2,363,913	26
Brakpan	300,000	300,000	2

Last year's total was, in fact, in excess of that for any single year with the exception of 1908, 1909 and 1910. An abnormal sum was distributed in 1909, namely £9,523,518, which largely accounts for the high annual average

during the period 1907-1911. The total amount already distributed by the Transvaal mines is £91,502,871. The table herewith gives a list of a few of the principal contributors to this total.

The Robinson Mine, which heads the list, has justly earned the distinction of being one of the world's greatest mines. Since the commencement of its career it has distributed in dividends more than the present annual distribution of the whole of the Transvaal mines, and more than four times the amount of the mine's own paid-up capital.

The three largest producers in the Transvaal now are the Crown Mines, the East Rand Proprietary, and the Randfontein Consolidated Mines. These last year produced a gold output of well over £9,000,000, which is equal to twenty-five per cent. of the Transvaal production, and to nearly ten per cent. of the world's entire production. The output is evenly divided between the three mines in question, but when the quality of ore is considered, the Crown Mines come first with a profit of thirteen shillings eight pence per ton. The East Rand's profit per ton is eleven shillings three pence, and that of the Randfontein Consolidated six shillings eleven pence. The Crown Mines paid dividends at the rate of 110 per cent. for the year; the East Rand Proprietary twenty-five per cent., and the Randfontein Consolidated five per cent. Naturally such factors have a pronounced effect on the market prices of the mines' shares; and we find that the Crown Mines' ten shilling shares are now worth over £7 10 shillings, the East Rand's £1 shares are quoted at over £2 18 shillings, while the Randfontein's £1 shares stand below thirty shillings in the market.

NUMBER AND CAPITALIZATION OF COMPANIES.

According to an official estimate there were on a recent date in the Transvaal some 230 gold-mining companies operating with an issued capital of £73,347,802. These mines now give employ-

ment to 28,000 whites and some 200,000 native and colored peoples. Last year a sum of over £14,200,000 was distributed in salaries and wages, the colored portion receiving just under £6,000,000. The mines purchased from local stores articles valued at over £10,000,000. The gold industry contributes directly to the public revenue, in the form of profits tax, £1,000,000 per annum. It makes a double contribution to the railway revenue; for in the first place, railage and escort charges have to be paid on the weekly consignment to London, which has to travel some 1,000 miles by land before it reaches the mail steamer; and in the second place, the mines are large importers of goods and machinery from overseas, so that the railways derive a considerable revenue from the companies in transport rates. Briefly, it may be said, the weekly consignment of gold to London is a matter of importance to the local railways, banks and the shipping companies.

OTHER FORMS OF DEVELOPMENT SOMEWHAT NEGLECTED.

Though the economic development of South Africa has received a great impetus from the production of gold, the tendency has been to devote too much attention to mineral production, to the neglect of other forms of development. Reference has already been made to the large place which gold and diamonds take in our annual exports. Our exports of pastoral and agricultural products do not exceed £11,000,000; so that if by some great miscalculation our mineral output suddenly declined, our economic condition would be serious. For though there are vast tracts of land suited for the cultivation of grain, mealies, cotton and tobacco, agriculture had not received the attention it deserved until some ten years ago. Whilst a moderate degree of progress has been made in the exports of products like wool, ostrich feathers, mohair, etc., it is not a healthy sign to see large quantities of wheat, butter, cheese, etc., being imported into the

country. One of the difficulties of those seeking to remedy our present economic defects is the exorbitant cost of living, which is estimated to be seven per cent. above that of the United States. High cost of living in South Africa is the effect of expensive railway rates, which in their turn are the effect of the relatively small white population and of the long distances between centres of distribution. Serious efforts are now being made to promote agricultural and industrial development by the extension of new railway lines, the cheapening of railway rates, the development of irrigation schemes and the extirpation of diseases.

FUTURE OF THE MINES.

What is the future of South African gold mining? This question has more than a local interest, for if the mines suddenly showed signs of exhaustion not only would South Africa's economic career receive a serious check but the world's money markets would be deprived of the most prominent stream of gold, and probably trade and prices would feel the effects in due course.

It is impossible to give a straight answer to the question raised, for so many factors have to be taken into consideration. Recent tendencies, however—such as amalgamation, the introduction of improved methods in the treatment of ore, and the coöperation of recruiting agencies for the purpose of securing a sufficiency of labor—have all operated in the direction of economy. Granted, therefore, that ore exists in sufficient and paying quantities, the industry may be expected to last.

A leading mining authority has given it as his opinion that existing mines in South Africa have still to yield gold to the value of one thousand million pounds sterling. On first thought this sounds a stupendous item, but to an industry that can already value its annual output at forty millions sterling, it is not much; for if the industry lasts fifty years an average of twenty millions sterling per year only is allowed

for. It should, therefore, be remembered that such an estimate cannot possibly take into account the probabilities of new discoveries. There are those who believe that new Rands, surpassing in richness the existing Rand, lie yet undiscovered. And it should further be remembered that since the authority referred to made his estimate, several mines on the eastern extremity of the present Rand have proved rich beyond the expectations of experts.

Certain authorities, resident outside South Africa, and evidently not in touch with the latest phases of the gold industry, have recently expressed the opinion that the next year or two will see a notable diminution in the Rand output, and that South Africa's contribution to the world's stock of gold will become smaller and smaller as the years go by. This somewhat pessimistic view is based on the fact that the world's greatest mines in the past only provided ore in paying quantities to a certain depth, and once that depth was reached, the days of these mines were numbered. In pursuance of this theme it is pointed out that working conditions become difficult and costly in the lower levels, while the grade of ore becomes poorer; that Rand mines, having already reached a depth at which other world-renowned mines began to show signs of exhaustion, should follow suit.

Now, one of the recent outstanding features of the Transvaal gold industry is the wonderful productivity of the mines in the lower levels. A vertical depth of from 3,000 to 5,000 feet has in many instances been reached; and the results at such levels have frequently been better than results on levels nearer the surface. In the Transvaal the Main Reef series of mines have extended over a larger area and to a greater depth than any other similar formation in the world. Local experts point out that there is much ore of extraordinary richness at depths yet unprobed in the Witwatersrand; and it is only necessary, in order to make such ore yield a profit, to extract and treat it by improved methods. Local experience therefore entirely controverts the

theory that because mines in other parts of the world only produced gold to a given depth, a similar fate must attend the Transvaal mines. Locally arrangements are being made to conduct operations at a much lower depth than is

being done at present. It is confidently believed that mining can be carried on at a depth of 8,000 feet, and that the quality of ore at such a great depth will be rich enough to reward all enterprise in this direction.

Scientific Analysis of Accounts

BY F. THULIN OF THE DROVERS NATIONAL BANK, CHICAGO, ILL.

"A proposition which is based upon incomplete facts is fallacious, unscientific."

DURING the past five or six years the subject of "Account Analysis" has been a live topic of discussion. So much has been written on this phase of bank accounting, that the writer feels somewhat diffident in contributing his mite to the present voluminous matter. However, as the average

The criticism that the writer wishes to express is that the above method ignores some fundamental banking facts. The phrase "the functions of a bank are those of discount and deposit" is one that is often met with in economic discussions. Taken in connection with account analysis, the phrase is not without significance. The

Average daily balance	\$100,000
Less average daily in process of collection.....	20,000
Net available balance	\$80,000
Less 25% cash reserve	\$20,000
Less 15% outstanding at other banks.....	12,000
Actual loanable balance	32,000
Earning power loanable balance @5%.....	\$48,000
Earning power 15% balance @2%.....	2,400
Total earning power	240
	\$2,640

Costs.

Interest paid on balance	\$1,600
Exchange costs	25
Transfer's costs	5
Administration costs	300
	1,930
Gain or loss	\$710

formula in use for the purpose of analyzing an account violates the fundamental principle quoted above, the writer feels that his remarks may not come amiss in that they seek to adhere strictly to scientific methods.

The average method in vogue, as a means of ascertaining whether an account is profitable or not, takes in general the above form.

above method treats an account from the strict viewpoint that the function of a bank is that of deposit, ignoring that of discount. From the viewpoint of deposit the method is correct; from the viewpoint of discount it is radically wrong. The following illustration, although somewhat academic, shows the fallacy of ignoring fundamental differences:

RESOURCES.

Loans and discounts	\$90,000 @ 6% = \$5,400
Cash	10,000
	<hr/>
	\$100,000

LIABILITIES.

Deposits:

A's account, cash	\$10,000
B's account, discounts	90,000
	<hr/>
	\$100,000

The profit on A's account, in this supposititious case, according to the present mode of analyzing, is expressed thus:

A's daily balance	\$10,000
Less 10% reserve	1,000
	<hr/>

Loanable balance \$9,000 @ 6% = \$540 (profit)

On B's account:

B's daily balance	\$90,000
Less 10% reserve	9,000
	<hr/>

Loanable balance \$81,000 @ 6% = \$4,860 (profit)

As B's account exists by virtue of A's cash balance, and it is by virtue of A's account that the bank is enabled to loan money to B, it logically seems to the writer that the profit of \$5,400.00 should be attributed or credited to A's account, and not divided between A's and B's account. The logical analysis would be expressed as follows:

Cash gives a return of \$5,400.
 Cash, \$10,000, divided into \$5,400 = 54%.
 A's account, \$10,000 \times 54% = \$5,400.
 B's account, as it represents no cash, can have no profit.

The preceding illustration obviously is very far removed from actual practice. The following illustration, the second step in the progression, injects a feature more compatible with actual practice:

RESOURCES.

		Income.
Loans and discounts	\$400,000 @ 6% =	\$24,000
Bonds	125,000 @ 5% =	6,250
Cash	25,000	
	<hr/>	<hr/>
	\$550,000	\$30,250

LIABILITIES.

Capital	\$100,000
Deposits:	
A's account, cash	\$50,000
B's account, discounts	400,000
	<hr/>
	\$550,000

Here the formula would be:

CASH OR CASH EXPENDITURES.

Bonds	\$125,000
Cash	25,000
	<hr/>

\$150,000 divided into \$30,250 = 20% odd.
 Profit on account A is \$50,000 \times 20% \$10,000
 Profit on capital is \$100,000 \times 20% 20,000

\$30,000 odd

The third step in the progression is one that is a true representation of actual affairs, the new element added being the withdrawal by the discount depositor of part of his deposit. This withdrawal may take the form of a transfer to C's account or giving a cashier's check to C, etc.:

The difference between the book balance and the balance in the liability ledger, if in favor of the liability balance, shows that the discount credit has been drawn on to this extent.

So, also, if the book balance is in excess of the liability ledger balance, it shows that the discount has not been

RESOURCES.

		Income.
Discounts	\$100,000 @ 6%	\$6,000
Bonds	105,000 @ 4%	4,200
Cash	1,000	
Due from banks.....	4,000 @ 2%	80

LIABILITIES.

Capital and surplus.....	\$210,000	\$10,280
Deposits:	\$100,000	
A, cash	\$10,000	
B, discount	90,000	100,000
Cashier's checks		10,000
	<u>\$210,000</u>	

FORMULA.

Cash or cash expenditures:

Bonds	\$105,000
Cash	1,000
Due from banks	4,000
Discounts	10,000

\$120,000 divided into 10,280 = .085 odd.

Profit on capital and surplus is \$100,000 \times $8\frac{1}{2}\%$	\$8,500
Profit on A's account is \$10,000 \times $8\frac{1}{2}\%$	850
Profit on cashier's check is \$10,000 \times $8\frac{1}{2}\%$	850

The last step raises this question: By what process is the amount of cash expenditures in the item loans and discounts on the bank statement determined? The query is logically answered thus: To the extent that the person discounting has drawn on his discount credit, the bill or note discounted represents cash or its equivalent expended by the bank.

As the presumption is made that a depositor draws first against his deposit credit, before drawing on his discount credit, the method to ascertain the amount drawn against the discount credit is a simple one, thus:

A's ACCOUNT.

Book balance	\$200
Liability ledger balance	1,800
Cash or expenditure on A's account.....	<u>\$1,600</u>

used. Hence the discount represents no cash expenditure. The following form is suggested which gives the desired information:

A Mfg. Co., JULY, 1900.

Date.	Daily Balance Liability Ledger.	Book Balance	Discount Drawn.	Discount Not Drawn.
1	\$1,000	\$100	\$900	\$100
2	1,000	1,200	....	1,000
3	1,000	3,000	....	1,000
4	1,000	300	700	300
5	2,000	1,500	500	1,500
	<u>\$6,000</u>			<u>\$3,900</u>
Average...	1,200			780
	780			

\$420 cash outlay.

The discount teller should keep two liability ledgers, one for borrowers which do not keep an account with the

bank. The average daily total of this ledger would be at once classed with resources, which represents cash or cash expenditure. The other ledger would be for borrowers who keep an account with the bank. The average daily balance of this ledger would not represent cash or cash expenditures, the loans and discounts in this ledger, which

Briefly recapitulated, the foregoing discussion boils down to this: An account earns per cent. gross the ratio of the total of resources on a bank statement which represent cash or cash expenditures, to the total income from all resources. After a bank statement has been subjected to the process as outlined, it will appear as follows:

RESOURCES.		Income.
Average loans and discounts	\$350,000	
Average (1) Not with customers.....	\$150,000 @6%	\$9,000
Average (2) With customers drawn....	100,000 @5%	5,000
Average (3) With customers not drawn..	100,000 @5%	5,000
Average U. S. bonds	50,000 @2%	1,000
Average real estate	10,000	.....
Average cash	50,000	.....
Average due from banks	10,000 @2%	200
Average outstanding transit items.....	10,000	.....
	<hr/> \$480,000	<hr/> \$20,200
LIABILITIES.		
Capital	\$100,000	
Surplus	50,000	
Deposits	330,000	
	<hr/> \$480,000	

Resources which represent cash or cash outlay:

(1) Loans and discounts (not with customers).....	\$150,000
(2) Loans and discounts (drawn with customers).....	100,000
(3) U. S. bonds	50,000
(4) Real estate	10,000
(5) Cash	50,000
(6) Due from banks	10,000
(7) Transit items	10,000
	<hr/> \$380,000

Divided into $\$20,200 \div 51.3\%$ gross profit on an account.

represent a cash outlay, being obtained from a total of the slips (as given above), each account in the liability ledger having such a slip filled out. The following caution should be observed: that the above slip should not be filled up at all after the closing out of the balance in the liability ledger; thus, if on the sixth of July A should liquidate his whole loan, the above statement would be true for July. The statement or slip should only be filled out on those days in the month on which the account has a balance in the liability ledger.

The foregoing discussion concerned itself with the method of ascertaining the profit on an account, but ignored the account itself. The following discussion will take up the account:

As the per cent. profit is determined upon the ratio of those resources which represent cash or cash expenditures to the income from *all* resources, the account itself must show what it represents as cash or its equivalent.

Accounts in practice divide themselves into three classes: the first class being those accounts the entire balance of

A's ACCOUNT.

Balance liability ledger	\$10,000
No deposits .....	.....
Costs—	
Interest paid on balance.....	\$200
Exchange costs	25
Transfer costs	10
Administration costs	235
	—
Total cost	\$470
Interest or discount	600
	—
Gain or loss	\$130

The accounts in class two are very easily handled as follows:

A's ACCOUNT.

Balance liability ledger .....	.....
Book balance (available funds).....	\$10,000
$10,000 \times 10\% =$ (gross profit on account).....	\$1,000
Costs—	
Interest paid balance	\$200
Exchange costs	15
Transfer costs	10
Administration costs	375
	—
Total cost	\$600
Gain or loss	400

which is made up of discounts; second class being those accounts the entire balance of which is made up of cash or its equivalent, and the third class being those accounts, the balance of which is made up partly of discounts and partly of cash or its equivalent.

The accounts in class one are really carried at a loss and, unless the amount of discount or interest paid by them exceeds the cost of keeping the account, such account is a dead loss. To illustrate, see above table.

Class three or zone accounts are handled on this principle: If on a certain day, the balance of account in the individual ledger exceeds the balance in the liability ledger, such excess clearly represents a working or available fund balance. The following illustration explains itself:

A MANUFACTURING COMPANY.

Date.	—Daily Average—		Available Funds.
	Liability Ledger.	Individual Ledger.	
(1)	\$2,000	\$3,000	\$1,000
(2)	5,000	1,000	.....
(3)	3,000	5,000	2,000
(4)	1,000	1,000	.....
(5)	.....	500	500
(6)	.....	2,500	2,500
(7)	2,000	100	.....
(8)	1,000	5,000	4,000
(9)	2,000	1,000	.....
(10)	3,000	4,500	1,500
			11,500

Average	1,150
$\$1,150 \times 10\% =$ (gross profit).....	\$115
Costs—	
Interest paid on book balance.....	\$50
Exchange costs	25
Transfer costs	2
Administration costs	150
	—
Total cost	\$227
Net profit or loss.....	112
Plus interest or discount.....	98
	—
Profit or loss on account.....	\$14

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

Recent Decisions of Interest to Bankers

Forgery

DUTY OF DEPOSITOR TO EXAMINE VOUCHERS—WHEN BANK RELIEVED BY HIS OMISSION.

Court of Appeals of New York, April 22, 1913.

J. HEWITT MORGAN AND RUDOLPH H. KISSEL, TRUSTEES, ETC. VS. THE UNITED STATES MORTGAGE AND TRUST COMPANY.

Where the failure of a depositor to examine the vouchers and check list returned by the bank enables a clerk in his employ to carry on a series of forgeries, he cannot hold the bank responsible for the amount, if the bank itself is not guilty of negligence.

HISCOCK, J.: The important question presented on this appeal concerns the obligation of a depositor in a bank to examine his pass book and returned vouchers as a protection against the payment by the bank of forged checks.

The action was brought to recover a large amount paid by the respondent on a series of forged checks drawn in the name of appellants and charged to their account. The forgeries were conceded, but the respondent defended against the repayment of the amounts by it paid out on said checks, with the exception of four subject to special consideration, on the ground that appellants had contributed to such payment by their negligence in not examining their pass book and vouchers, and that it had not been guilty of any negligence in paying the checks. The court ruled with the respondent on this defense as matter of law and refused to submit either proposition thus stated to the jury.

The important facts which gave rise to the controversy are as follows:

Prior to May 18, 1904, the appellants had opened and maintained with

the respondent a deposit account with considerable credit balances. Checks drawn on this account were signed by means of a rubber stamp imprinting the words "Estate of David P. Morgan," and authenticated by the actual signature of either trustee. The appellants had in their employ a trusted clerk who was their immediate agent in dealing with the bank. He made deposits, filled out the body of checks and obtained from the bank the pass book and vouchers and check list whenever the account was balanced. Between May 18, 1904, and May 20, 1905, he forged twenty-eight checks aggregating a large sum and employing in his forgeries the simulated signature of the trustee Morgan.

These checks were paid by the bank, and together with the genuine one drawn during the same period were charged to the appellants on the books of the bank. Five times during the period the formers' pass book was written up and balanced, and on each occasion the checks paid by the bank since the last balancing, together with an itemized statement or list thereof and the pass book, were returned to appellants by delivery to their agent, Hennessey. The latter withdrew from the bundle of vouchers and destroyed the checks forged by him and also the check list, and then, after delaying as long as convenient, delivered the pass book and the genuine vouchers to Kissell, who understood that the rules of respondent required that the pass book should be balanced every month or two months, and that, after balancing, it was returned with the paid checks as vouchers and with a detailed list thereof.

The estate through Hennessey as its bookkeeper kept a journal and ledger containing an account with the bank and from which there were drawn off

once or twice during the period in question trial balances. It also had a regular check book upon the stubs of which were entered the genuine checks presented to and paid by the bank. Kissell, who seems to have been the more active trustee, never asked for the check list which he knew was returned by the bank when the pass book was balanced up and never examined the balances shown by the pass book and which were struck after payment of the forged checks. He contented himself during the period in question with comparing the genuine vouchers permitted by Hennessey to come into his hands with the check book and with the other books of the estate, and which comparison of course disclosed no signs of Hennessey's forgeries. The other trustee in whatever examinations he made never examined the pass book or the check list.

On opening their account the appellants had arranged for the payment of interest thereon at a considerable rate and the amount of this interest as credited on the pass book indicated much smaller balances than appeared on the books of the estate or than would have appeared on the pass book except for payment of the forged checks.

Primarily a bank may pay and charge to its depositor only such sums as are duly authorized by the latter, and of course a forged check is not authority for such payment. It is, however, permitted to a bank to escape liability for repayment of amounts paid out on forged checks by establishing that the depositor has been guilty of negligence which contributed to such payments and that it has been free from any negligence. That is the nature of the defense urged in this case.

I shall not consider in detail the evidence by which is to be decided the appellants' claim that the bank itself was negligent. Several reasons are assigned why the question of its negligence at least should have been submitted to the jury. These assignments of negligence involve a consideration of the particular facts disclosed in this case rather

than a controversy concerning any principles of law, and I shall therefore content myself with simply stating that after an examination of all of the evidence we do not think that there was any which would have justified the jury in deciding that the respondent was negligent in paying the forged checks which are in dispute. It conceded its liability on the checks which were paid by it before and at the date when the pass book was first balanced and returned to the appellants, and the jury determined on a special submission of that particular question that the time which elapsed between the return of this pass book and the payment of the next check thereafter was of sufficient length to give the appellants a reasonable opportunity for an examination and ascertainment of the condition of the account which disclosed the payment of the forged checks.

There then remains the single question already outlined and which will be discussed, whether the appellants were guilty of negligence after the lapse of a reasonable time in not examining their pass book and list of vouchers and ascertaining what they were being charged with and thus discovering the existence of the forged checks. It will be remembered that on five occasions when their account was written up all they did was to compare the genuine vouchers which their dishonest clerk permitted to reach their hands with their check book and ledger, and that they did not ask for the check list which itemized all paid checks, both genuine and forged, or examine the pass book, which showed balances after deducting forged checks.

It is well established that appellants owed the duty of making some examination and verification of their account with the bank when the pass book and vouchers were returned. This is conceded by them, but they insist that this duty was fully discharged by comparing with the check book the genuine vouchers which Hennessey allowed to reach them. The record before us, however, discloses how incomplete and ineffective this examination was even

as against the primitive methods which Hennessey employed to prevent detection of his wrongdoing by suppression and destruction of the forged vouchers and check list.

On the other hand, if they had examined the check list and pass book, and if necessary compared them with their own books, they would have discovered at once the payment and debit to their account of checks which they had not drawn and the forgeries would have been uncovered. There is no question about that of course. The only question is whether a jury would have been permitted to say that they were free from negligence when they closed their eyes to or turned them away from these certain means of detection of their own agent's wrongdoing which were furnished to them for that very purpose by the bank. I do not think it would have been permitted to so determine. Negligence in this case means the neglect to do those things dictated by ordinary business customs and prudence and fair dealing toward the bank, which if done would have prevented the wrongdoing which resulted from their omission. We may take notice of the custom practically universal among banks at frequent intervals to write up and balance the pass books of their customers and return them with paid checks or other instruments as vouchers for the payments made and charged to the depositor. The appellants were business men and fully understood this. They apparently knew the rule of the bank requiring accounts to be written up every month or two, and they knew that there were returned with the pass book not only the vouchers, but an itemized list thereof as debited to the account. When they submitted their pass book to be thus written up they in effect called for a statement of their account as kept by the bank, and when this was furnished to them, is it to be thought that they satisfied the requirements of common prudence and fairness to the bank by absolutely disregarding the pass book and check list which could not be easily falsified and simply com-

paring a bundle of vouchers which might be much more easily manipulated by ready abstraction of vouchers? The pass book is the statement of the bank's version of the account and the fundamental basis for comparison with the depositor's own records. The paid checks which are returned are the vouchers of the bank for its account as written on the pass book, and if they are to be made the medium of comparison of accounts the depositor at least ought to endeavor to know that they tally with the pass book. Otherwise he has made no reliable comparison or verification. Therefore, it seems to me that when the appellants relied for verification merely on a comparison of vouchers without any effort to verify these by comparison with the check list or pass book they did not exercise reasonable methods. On the other hand, it seems to me that when having obtained from the bank a list of vouchers and balanced pass book, which were intended to give and would have given them a correct basis for comparison and verification, they disregarded these, they were guilty of such obvious oblivion of their duties that no extended argument can make plainer their negligence than does the mere recital of the facts.

The authorities which have been called to our attention do not establish anything in opposition to these views, but the later ones tend to sustain them.

[The court here reviewed a number of cases.]

Certificate of Deposit

WHEN DUE—STATUTE OF LIMITATIONS.

Supreme Court of Iowa, April 12, 1913.

THOMPSON VS. FARMERS STATE BANK.

The usual words in a certificate of deposit by which it is made payable "upon the return of this certificate properly indorsed," no place of payment being named, add nothing to its provisions, since there is always an implied obligation that the paper will be returned upon payment of the money due thereon.

Where a certificate of deposit is made

payable "on the return of this certificate properly indorsed six months after date," the statute of limitations commences to run six months from the date thereof.

LADD, J.: This action was begun October 22, 1909, on a certificate of deposit in words following: "Farmers' State Bank. \$50.00. Charter Oak, Iowa, October 28th, 1896. No. 2291. Certificate of Deposit. Christian Thompson has deposited in this bank fifty and no/100 dollars in current funds, payable to the order of same in current fund on the return of this certificate properly indorsed, six months after date, with interest at six per cent. per annum. D. O. Johnson, Cashier, per Kadock."

The plaintiff alleged that he properly indorsed the certificate, and presented the same to defendant October 11, 1909, for payment, and that this was refused. A demurrer on the ground that action thereon was barred by the statute of limitations was overruled, and defendant by answer admitted the issuance of the certificate at the date alleged, and pleaded that upon its face the same showed that it was barred by the statute of limitations, in that a cause of action accrued thereon six months after October 28, 1896, and more than ten years had elapsed since before this action was begun. On this issue alone the cause was submitted. It will be noticed that the form of the draft differs from that considered in *Elliott vs. Capital City State Bank*, 128 Iowa, 275, in that it is made payable "six months after date," but is like it, in that it contains the provision that it shall be payable "on the return of this certificate properly indorsed." In that decision a right of action on the certificate was held not to have accrued until demand of payment had been made, at which time the statute of limitations begin to run.

[1] A "proper indorsement is such an indorsement as the law merchant requires in order to authorize a payment to the holder. If presented by the original payee, no indorsement would be proper or at least necessary; if pre-

sented by another, 'proper indorsement' to show his title would be requisite." *First National Bank vs. Security National Bank*, 34 Neb. 71; *Kirkwood vs. First Nat. Bank of Hastings*, 40 Neb. 484.

[2] Nor did the stipulation to return the certificate add anything to its provisions. That ordinarily is the rule with reference to such paper. It must be returned and surrendered as a condition of payment. This certificate was not made payable at any particular place. A certificate in similar form was considered in *Hunt vs. Divine*, 37 Ill. 137, where the court, speaking through Breese, J., said: "What did the makers of it engage to do? They engaged to pay Chase \$280.50 three months after the date of the certificate. It is not payable at any particular place nor on demand, but three months after date at no particular place. Now do the words 'on return of this certificate' change the legal effect of this undertaking, or require the holder to present it at the banking house of the makers? There is no promise to pay at the banking house; consequently, no obligation rested on the holder to present it there. The rule is, in regard to this kind of paper, that the maker is to find his paper and take it up. The demand is by the maker on the holder, which, when made, will be the time to return the certificate. *Edwards on Bills and Promissory Notes*, 221; *Allen vs. Rightmere*, 20 Johns. (N. Y.) 365, wherein it was held it was the duty of the debtor to seek the creditor, and pay his debt on the very day it became due. There being no place named where this money was to be paid and the certificate returned, the return of the certificate cannot be a condition precedent to a recovery. If it is produced on the trial ready to be delivered up to the makers, the holder will have performed his obligation. In every promissory note there is an implied undertaking by the payee or holder to return it to the maker on payment of the money. An express undertaking to return it could have no greater force, nor could it change or modify the legal effect of the

instrument. All that the maker can demand is that he shall be protected against the reappearance of the instrument and against another recovery upon it. This is effectually accomplished by producing the instrument on the trial for cancellation if need be, at any rate, placing it in the power of the maker. *Edwards on Bills and Promissory Notes*, 295; *Story on Promissory Notes*, § 107. The return of the certificate was not, therefore, a condition precedent to the recovery."

In *Baker vs. Leland*, 9 App. Div. 365, 41 N. Y. Supp. 399, a certificate of deposit was payable "three months after date * * * of the return of the certificate properly indorsed," and it was held that, as payment was to be made at a time limited, the cause of action then accrued. To the same effect, see *Bank vs. Merrill*, 2 Hill (N. Y.) 295. Manifestly, the certificate differs from those which provide for interest on the contingency that the money deposited is allowed to remain for a specified time. Such condition has nothing to do with the time of payment. Demand certificates of deposit are issued with the design that they pass as money and are taken with as much confidence as the bills of a bank and often to avoid the risk and inconvenience of keeping, or carrying and counting sums of money and are so regarded in mercantile affairs, and for this reason demand is essential before action may be instituted thereon. *Shute, Jr., vs. Pacific National Bank*, 136 Mass. 487; *Merchants' Bank vs. State Bank*, 10 Wall. 604, 648, 19 L. Ed. 1008. But, when payable at a fixed time in the future, certificates do not so pass, and, when so payable, the bank issuing them is under the same duty to pay at maturity as the maker of a promissory note.

In either event a right of action accrues at the time specified for maturity. *Elliott vs. Capital City State Bank*, supra. What was said in regard to the provision concerning the return of the certificate properly indorsed in *Elliott's Case* had reference to a certificate pay-

able on demand as the citations clearly disclose.

In *Brown vs. McElroy*, 52 Ind. 404, a similar certificate was under consideration, and the court held that a right of action would not accrue thereon until demand, but the fact that the certificate was payable at a specified time was given no consideration.

There is no escape from the conclusion that, as the certificate was payable at a time specified, the right of action then accrued and as the statute of limitations then began to run more than 10 years had elapsed when this action was commenced, and the action was barred as the court rightly determined.

The judgment is affirmed.
Affirmed.

Check

DEATH OF DRAWER—PAYMENT AFTER
DEATH—WHEN BANK PROTECTED.

Court of Appeals of New York, June 3,
1913.

JOHN W. GLENMAN, AS ADMINISTRATOR, ETC.,
VS ROCHESTER TRUST AND SAFE DEPOSIT
COMPANY.

While the death of the drawer revokes the authority of the bank to pay the check, yet where a bank pays a check in good faith, after the death of the drawer, without knowledge of such death, it will be protected.

THIS action was brought by the administrator of John Callahan, deceased, to recover the amount of a deposit. The evidence showed that such deposit had been paid out before a check drawn by Callahan, which, however, was not presented and paid until after Callahan's death. Upon the trial the court submitted to the jury the question: "Did the bank pay the money without the knowledge of the death of John Callahan?" and this question the jury answered in the affirmative.

CULLEN, C. J.: It is singular that there should be such a paucity of judicial decisions on this question, as seems the case. In my search through the reports I have been able to find

only one on the precise point, *Rogerson, executor, vs. Ladbroke*, decided by the English Common Pleas in 1822 (1 Bing., 93), in which it was held that the payment or rather a charge of a check to a depositor's account made by the banker after the death of the depositor, but before the bank had received knowledge of that fact, was a valid payment, and that the banker was not liable for the amount.

There is another case often cited to the same effect (*Tate vs. Hilbert*, 2 Vesey, Jun., 112), where the lord chancellor expressed the opinion that if the holder of a check had collected the money from the banker after the death of the drawer, but before the banker had knowledge of death, no court would take the money away from him. This was purely obiter, simply the chancellor's opinion, for, as a matter of fact, the suit in which the opinion was expressed was dismissed and the complainant remitted to her action at law. On the other hand, none of the cases cited by the learned counsel for the appellant is authority for the contrary proposition.

The greatest reliance is upon *Davis, admr., vs. Windsor Savings Bank* (46 Vt., 728). There a woman from time to time deposited certain sums of money in a savings bank to the credit of her brother, in whose name the pass book was issued. The jury found that these moneys were the property of the brother and had been collected by the woman on his account. After the death of the brother, but before notice of that death had reached it, the defendant paid the amount of the account to the woman, who presented the pass book. It was held that death revoked the agency of the plaintiff and that the payment was bad. No question of the payment of a check was involved in this case, for there was none.

As to the other cases cited, *Fordred vs. Seamen's Savings Bank* (10 Abb. Pr. Rep., N. S., 425) was an action by the holder of a check against the bank, which refused to pay it. Of course, in this State no such action

could be maintained whether the drawer was dead or alive. In *Podmore vs. South Brooklyn Savings Institution* (48 App. Div., 218) payment was made by the bank after knowledge of the death of the depositor to one who presented the pass book, claiming the deposit as a gift *causa mortis* from the deceased. As the jury found there was no gift, the defense failed. Here, again, no question of a check was involved. This is the same case which is reported in this court on a subsequent appeal under the title of *Mahon vs. South Brooklyn Savings Institution* (175 N. Y., 69). In *Pullen vs. Placer County Bank* (138 Cal., 169) the check was paid not only after the death of the drawer, but after the defendant had been informed of the death, as is stated in the opinion of the court. But while there is this paucity of judicial decisions on the subject, there seems to be absolute unanimity in the rule as declared by the leading text writers. *Chitty on Bills* (*429), *Byles on Bills* (Sharswood ed., p. 22), *Parsons on Notes and Bills* (vol. 2, p. 81), *Story on Promissory Notes* (sec. 498a), *Edwards on Bills and Notes* (sec. 739), *Morse on Banks and Banking* (sec. 400) and *Daniel on Negotiable Instruments* (sec. 1618b) all declare that while a bank should not pay a check after the death of the drawer, still a payment made in good faith, without knowledge of the death, or of facts sufficient to cause inquiry, is a valid payment, though the only authority usually cited is that of *Tate vs. Hilbert* (*supra*).

For the appellant it is argued, first, that a check, by itself, is a mere order for the payment of money, not operating as an assignment of any part of the fund, the authority of the drawee or the banker to pay which may be revoked or countermanded by the drawer. This is the rule of law prevailing in England and in this country, with the exception of a very few States in which a check is considered as an assignment of the fund.

The rule stated is unquestionably the law of this State as well as the law of the Federal courts (Attorney-

General vs. Continental Life Insurance Company, 71 N. Y., 325; O'Connor vs. Mechanics Bank, 124 N. Y., 324; Bank of the Republic vs. Millard, 10 Wall., 152; Florence Mining Company vs. Brown, 124 U. S., 385; Fourth Street Bank vs. Yardley, 165 U. S., 634). That the death of the principal revokes the authority of the agent to collect the check, in those jurisdictions where the check is considered a mere order, must also be conceded (*Fordred vs. Seamen's Bank*, *supra*; *Attorney-General vs. Continental Life Insurance Company*, *supra*; *Long vs. Thayer*, 150 U. S., 520). It is further true that the common law doctrine that death revokes an agent's power, even as to third parties dealing with the agent in good faith without notice, is the general rule in this State (*Farmers' Loan & Trust Co. vs. Wilson*, 139 N. Y., 284).

At this point we reach the very crux of this case, and the question is whether payment of checks by banks or bankers is an exception to the rule stated. I think it is. It must be first borne in mind that the rule itself is an exception to the still broader rule that revocation of the power of an agent does not affect third parties dealing with him in good faith without notice. This is the rule of the civil law even where the agency is revoked by death.

The common-law rule in some States has been changed by statute, in others repudiated (*Cassidy vs. McKenzie*, 4 Watts & Sergeant, Penna., 282; *Caragher vs. Whittington*, 26 Mo., 311), while in still others greatly limited (*Lenz vs. Brown*, 41 Wis., 172; *Ish vs. Crane*, 8 Ohio street, 521). There are differences between the liability of banks to their depositors and that of ordinary debtors to their creditors which justifies excepting the payment of checks from the rule. If an ordinary debtor refuses to pay his debt to the agent of his creditor, his liability is in no respect increased. It is not so with a bank. Its contract with the depositor is to pay his checks as long as his deposit is sufficient for the purpose, and for a failure to pay the

checks the bank is liable for any injury occasioned thereby to the credit of the drawer. In the ordinary conduct of a bank but a minute fraction of its payments is made directly to its depositors. The others are made on checks in favor of third parties, usually, at least in large cities, presented through other banks or the clearing house. The number of depositors is often very great, many of them living at other places than where the bank is located. Of the death of those prominent, either by their public position, their business activities or great wealth, the bank might be apprised; but of the great mass their deaths would pass unknown by the bank unless notice of the fact was given. It would be utterly impracticable for business to be done if, before the bank could safely pay checks, it must delay to find out whether the drawer is still living.

But the dominant and controlling reason for holding that the usual rule that a debtor is not protected in payment to an agent after the death of his principal, though without knowledge of that fact, is not applicable to the payment of checks by banks, is that such has almost universally been accepted as the law. As already said, all the textbooks so state the law (in England it has been so settled by section 75 of the Bills of Exchange Act of 1882), and apparently the whole country has assumed the textbooks to be right.

The rule thus adopted, if not strictly a rule of property, is a rule of conduct affecting property interests that very closely approximates to a rule of property. I think the fact that the rule has been adopted by the community is reasonably clear. The use of banks as depositories of money and the practice of making payment by checks prevails in this country to an extent far beyond that existing in any other, so that the situation presented in this case must have frequently arisen. True, where the estate of the depositor is solvent and the check is given for value it is of no practical moment whether the bank is liable for the payment of

a check after the death of the drawer or not. Very many, however, must have been the cases where either the estate was insolvent or the check was given without value and the bank had paid it after death in ignorance of that fact. Yet in my research I have not been able to find in the reports in this country or in England a case where it was sought, under such circumstances, to hold the bank liable except the Rogerson case (*supra*), in which the attempt failed.

The rule that denies protection to persons dealing with an agent after the death of the principal, though in good faith and without knowledge of that fact, is an inherited one. In the Wilson case it was declared by this court to be a harsh one, but the court felt that it had been too firmly established in this State to be disturbed by judicial decision, though it recommended a change by the Legislature to place the law in harmony with the more enlightened views of the present time and to promote the interests of justice. The same reason which there constrained the court to give effect to the rule, despite its disapproval of it, should also impel us to hold the rule inapplicable to bank checks. If there it appeared that the doctrine of the common law

had prevailed too long to be disregarded, it also appears almost equally clearly that the common-law doctrine has never prevailed as to checks, for a legal proposition may be nearly as well established by its general acceptance and the failure of any one to question it as it can be by a series of judicial decisions. Even if it should be assumed that the distinction sought to be drawn between the relation of a bank to its depositors and that between ordinary debtors and their creditors would not justify a distinction in the principle of law applicable to the respective cases, nevertheless a rule of conduct of a whole people long prevailing and acted upon should not be subordinated to mere consistency of legal principles. The law presents several anomalies. They are to be regretted, but no one would maintain that merely to avoid inconsistency courts would be justified in disregarding rules of action long established by judicial decisions, especially when the exception is more just than the general rule.

The judgment appealed from should be affirmed, with costs.

WERNER, HISCOCK, CHASE, COLLIN and HOGAN, *JJ.*, concur; WILLARD BARTLETT, *J.*, absent.

Judgment affirmed.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Promissory Note—Note Not Delivered by Maker—Presumption as to Delivery

PHILADELPHIA, June 22, 1913.

Editor Bankers Magazine:

SIR: In making his preparations to close up a business deal, A made out his note payable to B. But when the parties met the next day they were not able to agree as to one or two points, and the deal was declared off. When the parties gathered up their papers before leaving the real estate office where they had met, the note got in with some deeds and other papers belonging to B, and was carried away by him. A now discovers that B

has used the note at a bank in this city. B has promised to take care of the note when it falls due; but if he should not do so, could the bank hold C? CASHIER.

Answer: In this case it is plain that there never was any delivery of the note by the maker, and hence as between the parties it never took effect at all. But the Negotiable Instruments Law provides that "where the instrument is in the hands of a holder in due course, a valid delivery thereof by all parties prior to him so as to make them liable to him is *conclusively presumed*." (Pa. Act. Sec. 16.) The bank, therefore, if it is a holder in due course—

as doubtless it is—may enforce this note against A. In this respect the statute changed the law as it had previously existed in some of the States, the courts in such States having held that a note which had never been delivered by the maker had no legal existence, and that the maker, unless estopped by his own negligence, could successfully defend against it even in the hands of a *bona fide* holder for value. (Roberts vs. McGrath, 88 Wis. 52; Burson vs. Huntington, 21 Mich. 416.)

Depositor's Note—Note Payable at Bank—Authority of Bank

PITTSBURGH, Pa., June 29, 1913.

Editor Bankers Magazine:

SIR: It is customary for banks to pay the note of a depositor made payable at the bank. Is this a legal requirement, or is it merely a custom? MERCHANT.

Answer: The Negotiable Instruments Law provides that a note or bill of exchange made payable at a bank "is equivalent to an order to the bank to pay the same for the account of the principal debtor thereon." (Pa. Act. Sec. 87.) The bank, therefore, is required by statute to pay such a note for the account of the maker, just as it would pay his check.

Promissory Note—Demand—Interest

BROOKLYN, N. Y., June 23, 1913.

Editor Bankers Magazine:

SIRS Kindly advise me regarding a note in the following form:

"Jan. 10, 1913.

"I promise to pay thirty days from date to Mr. Timothy McCarthy the sum of Twenty-five (25) Dollars.

WILLIAM SCUDDER."

I know that the note is non-negotiable. There is no place of payment specified. Is it payable at the store where made, and is demand necessary? Can interest be charged from Jan. 10, 1913, or only from the due date? TELLER.

Answer: The note is payable generally, and it is the business of the

maker to find the payee for the purpose of making payment to him. Demand is not necessary, and the holder may sue the maker though no demand be made other than the commencement of the suit. As the note contains no provision as to interest, the maker is entitled to discharge the same before or at maturity, by paying the sum named, viz., twenty-five dollars, and like any other debt, it will bear interest at the legal rate after maturity.

Collections—Receiving Check in Payment—Liability of Bank

CLEVELAND, Ohio, June 30, 1913.

Editor Bankers Magazine:

SIR: A bank receives for collection a draft drawn by A upon B, payable to the order of C, and indorsed by him. When this draft is presented for payment it is accepted by A, payable at a New York bank. Now, what I should like to know is: Would this bank be liable to the owner of the draft if it should not be paid when presented at the New York bank?

TELLER.

Answer: The acceptance of the drawee was merely a direction to the New York bank to pay the draft for the account of the acceptor. (Negotiable Instruments Law [Ohio] 1678-17.) The legal effect was the same as if B had drawn a check on the New York bank, and that check had been received in payment of the draft. But the rule is well established that, like any other agent, a collecting bank can receive payment for its principal only in the legal currency of the country, or in bills which pass as money at their par value by the consent of the community (Ward vs. Smith, 7 Wallace [U. S.] 447) and a check or draft upon another bank is not payment. Hazlett vs. Commercial Nat. Bank, 132 Pa. St. 118. If, therefore, the owner of the draft could show that money might have been had if demanded, or could show that a responsible indorser had been discharged, the bank taking the acceptance would be liable to the holder for the amount of the draft.



HON. EDWARD H. DOYLE

COMMISSIONER BANKING DEPARTMENT STATE OF MICHIGAN;
PRESIDENT NATIONAL ASSOCIATION OF SUPERVISORS OF STATE BANKS

SOME of the characteristics of Edward H. Doyle, Commissioner of the Michigan State Banking Department, and recently elected president of the National Association of Supervisors of State Banks may be thus briefly summarized: He was born in 1849, and from the age of nine to nineteen, when his mother died, he was her sole support. His early work was in and about sawmills, and then as clerk and later manager of a store. For some years he was in the lumber business, then in a large manufacturing enterprise near Detroit, in which he was highly successful—a record duplicated in all his business undertakings. He is one of the owners of the Majestic Building, Detroit, which he purchased against the advice of his friends, but which alone has made him a multi-millionaire.

Mr. Doyle now avoids all new business ventures. He hates football but likes baseball. Never touched wine, beer or liquor of any kind, yet is not a believer in prohibition. Never has used tobacco; and especially hates cigarettes, likewise politics and liars. He is charitable, but not to those who solicit his charity. It is a matter of pride to him that the state banks of Michigan are now in a better condition than ever before.

INVESTMENTS

Conducted by Franklin Escher

The Growing Prestige of Public Service Bonds

BY H. PRENTISS TAYLOR OF H. P. TAYLOR & CO.

"The pessimism current among steam railroad managers and the heads of the great industrial corporations throughout the country—due in either instance to the alleged veto they claim government regulation is placing on methods that are practicable and rates that leave a fair profit—is not shared by the managers of most of our public service corporations."

THAT public service, or public "utility," bonds are to-day enjoying marked favor among judicious investors is a fact of which the markets bear convincing evidence and to which market writers are devoting ever increasing comment. And a careful examination of the whole investment situation, with incidentally a glance at the fluctuations of market prices for various classes of securities during the last year and several years preceding, discloses abundant ground for the partiality. Needless to say, in buying these issues, no less than in buying any and all others, wise discrimination is necessary. But the promise of satisfactory yield and of favorable market has unquestionably been demonstrated by recent experience to be greater in the case of public service bonds on the average than in the case of either railroad bonds or those of industrial corporations. The two latter classes of securities have not borne either the test of last year's money stress or the test of an eight-year comparison as well as the public service bonds. In fact, not even municipal bonds, with all their acknowledged advantage of unassailable security, have proved as generally satisfactory as the public utilities, all things considered.

IN THE FACE OF ADVERSE CONDITIONS.

In the important regard of ability to resist a general downward tendency in the investment markets, the public service issues have almost seemed to be in a class by themselves. One of the most conservative organs of financial opinion, the New York Commercial and Financial Chronicle, in a recent issue touched upon what is doubtless an important factor (though only one) in this notably good behavior of the public service issues in the face of adverse market conditions. The Chronicle published a compilation showing the steady increase from year to year in both gross and net earnings of 237 electric railways in all parts of the country. By practically all who studied them these figures were accepted as a striking testimony (to quote one commentator) "to the stability of an industry which is being developed technically and financially without the genius of any one man, and in which so many investors have a stake." In 1912 these 237 concerns reported gross earnings of \$486,225,094, an increase of 6.36 per cent. following an increase of 6.33 per cent. in the 1911 figures over those of 1910. The per cent. of increase of net earnings was hardly less notable. It is only one group of public service corpora-



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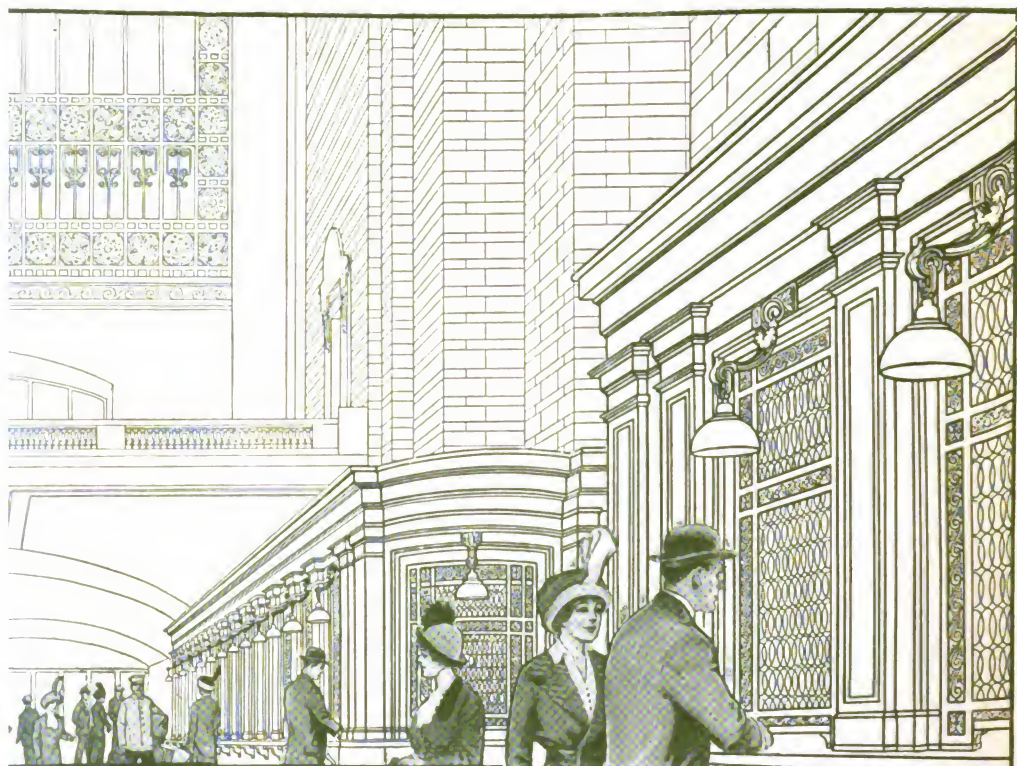
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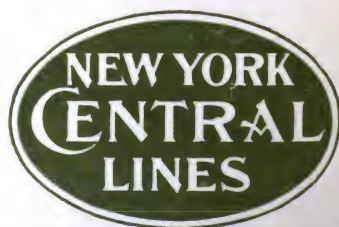
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BANKERS

Dealers in High Grade Railroad Bonds

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tions whose reports the above summary covers; but it is perhaps the largest group, and the tendency to union of light, power and electric transportation services in the same companies (as in the Philadelphia Company of Pittsburgh) is so marked, that prosperity in one group of the public utility interests may safely be taken as evidence of prosperity in the other groups, owing to these growing alliances.

PRICE STABILITY.

The pessimism current among steam railroad managers and the heads of the great industrial corporations throughout the country—due in either instance largely to the alleged veto which they claim government regulation is placing upon methods that are practicable and rates that leave a fair profit—is not shared by the managers of most of our public service corporations. And it would be odd if the optimism of the latter were not reflected in the market prices of their securities. The proved greater stability of their earnings compared with the earnings of the railroad trunk lines or the "industrials" has logically enough been accompanied by decidedly greater stability of market values. The Wall Street Journal on May 6 published a comparison showing that 25 standard railroad bonds listed on the New York Stock Exchange went down an average of 5.01 points in the year from May 1, 1912, to May 1, 1913, while the decline in 26 unlisted public utility

bonds has been, in the same period, only 1.54 points. The fluctuations in the share list were, as might have been expected, even wider in range and even more favorable to the public service corporations by comparison. A compilation covering the period from October 30, 1912, to May 1, 1913, shows the following declines in the prices of stocks: Twenty-one standard railroad stocks, an average decline of 13.75 points; seventeen active industrial stocks, an average decline of 17.18 points; twenty-two public service stocks, 2.72 points. This compilation was also made and published by the Wall Street Journal. A more flattering indication of the favor that public service securities are enjoying could not easily be imagined.

STABILITY OF EARNINGS.

Lest the investor suppose that the comparison would be less favorable to public service issues if it were carried farther back, it will not be amiss to refer to an interesting study of the subject made by one of the most attentive and best-posted observers in the country, Mr. Lawrence Chamberlain, who compares municipal bonds, railroad bonds and public service bonds during the period of eight years, 1905-12 inclusive. We have not space to do more than cite his conclusion, which is that investors have been more willing to part with their rails and their municipals than with their public utilities for the reason, mainly, that the coupon



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A new building, the best equipment, an able and experienced staff of officers and employees—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

interest of public service bonds yields more on cost than of rails or municipals that have *equal security*.

The article by Mr. Chamberlain hints at a most pregnant source of the superior economic position of public utilities in the following sentences: "The investing public have realized the relatively high ratio of income to security in public service bonds *only since 1905*. The public utility business was in its infancy in 1902. The first real test of the public service bond came in 1907. Both as to safety and prices it left a much more favorable impression than the railroad bond of anywhere near the same yield. When business is poor there are less people and goods to transport over distances, but as much gas, electricity and water are consumed and almost as many people ride on the trolleys."

HOW REGULATION PROTECTS.

One reason why the public service companies as a class show earnings so much steadier than any other group has already been hinted at in our excerpt from the magazine article by Mr. Chamberlain. They suffer less than any other class from the periodic reactions in general trade. We invite attention to another reason, not only important at the present time, but bound to be of increased importance in the near future. We refer to the effects of the regulation of public service corporations by the public service commissions of the various states. There are few states in which such tribunals have

not been established by law, and while there was a time when they were looked upon as hostile to the capital invested in the companies, it is beginning now to be realized that they tend in actual practice to protect the companies as well as the public. With the creation of these state tribunals the local regulation of the companies is disappearing. The state commissions now pass upon the rights not only of the public, but of the companies, and there is a general recognition and enforcement of the legal principle that rates must not be reduced below a point which assures the capital employed a reasonable profit.

But in even a more direct manner than this the regulation by commissions is protecting the security of the investor in public service bonds and stocks. Regulation governs the issue of new bonds and stocks by the public service companies, absolutely prohibiting their issue upon water. Here is an element of security insurance possessed by the public service bond buyer that is not possessed by the buyer of the bonds or stocks of industrials. And it is not unlikely that there is some relation between this fact and the strength that public service securities have shown in the market in recent years compared with securities of so many other classes. As for competition, the public service corporations as conditions have now shaped themselves seems to be rather less liable (instead of more liable, as was once feared) to it than another sort of enterprise.

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A CASE IN POINT.

The recent decision of the New Jersey public utility commission refusing to let a competing gas company do business in Millville after it had been given a franchise by the city council is a case in point. The commission's decision was based on the ground that the existing company was performing, or could perform, the service in a satisfactory manner and that the public would not benefit from competition for the reason that the commission guaranteed fair charges by the existing company, and unnecessary duplication of existing plant and appliances entails a permanent burden upon the public. It is

to be remembered that New Jersey now has progressive state administration, and this decision by its public utility commission is fairly representative of the views of such tribunals throughout the country. In short, with the public protected by the commissions from extortion, the commissions incline to protect the companies' monopolies in the gas, light and water services. Thus, while the law is sternly discouraging monopoly in the industrial field and the great industrial corporations are fighting against the government for their very lives, the legal tendency is to maintain that public service monopoly is natural and publicly beneficial.

Gilt-Edged Bonds

J. S. BACHE & Co.

IN the past few years gilt-edged securities all over the world have had a heavy fall and those who have suffered most have been the most conservative individuals and corporations, especially the large joint-stock and savings banks of England.

Our own banks have had to meet this problem of decline in bond values, notably in those of the very highest class. The issue of New York City bonds at $4\frac{1}{2}$ per cent. recalls that in the last ten years the quoted value of these issues has materially changed. In 1904 an issue bearing $3\frac{1}{2}$ per cent. interest was sold at an average price of 100.71. The price of these same bonds is now 81—a decline of nearly

twenty points. Later on a successive series of bonds was sold at four per cent. at prices ranging from 100.05 to 102.38. These bonds now sell at from 90 to $92\frac{3}{4}$ —a decline of over $9\frac{1}{2}$ points. The $4\frac{1}{4}$ s, brought out later, still sold at a slight premium, but are now selling around 96—a decline of over five points.

The Boston News Bureau gives a table of twelve of the highest class general mortgage railroad bonds. In the panic years these bonds sold at an average low price of $92\frac{3}{4}$. In 1908 they advanced nine points to an average of $101\frac{3}{4}$, which was their high price. These same bonds now bring an average price of $90\frac{7}{8}$, averaging near-

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

ly an eleven-point drop from 1908 and nearly two points lower than the 1907 low price. The table follows:

very small issues, the offerings of such bonds during the past five years may be summed up in the following: Louis-

	Low 1907	High since	Yield %	Present price	Yield %
Atchison gen. 4s, 1995.....	89½	101⅞	3.95	93⅛	4.30
B. & O. 4s, 1948.....	88	102	3.90	92½	4.40
C. B. & Q. gen. 4s, 1958.....	*97	103¼	3.85	91½	4.45
C. M. & St. P. gen. 4s, 1989.....	98	104⅝	3.82	91¼	4.40
C. N. & W. gen. 3½s, 1987.....	87	96	3.65	80	4.40
C. R. I. & P. Ry. gen. 4s, '88.....	88	102¼	3.90	89	4.50
Ill. Cent. 1st ref. 4s, 1955.....	99¾	101½	3.95	91	4.45
L. & N. unified 4s, 1940.....	*92	103	3.85	94	4.40
N. Y. C. mtge. 3½s, 1997.....	85	96	3.65	84¼	4.20
Nor. Pac. pr. 1, 4s, 1997.....	93⅝	104¼	3.85	94	4.25
Penn. R. R. cons. 4s, 1948.....	*100	105¼	3.75	99½	4.00
Un. Pac. 1st & ref. 4s, 2008.....	*94⅝	100	4.00	91	4.40
Average	92¾	101¾	3.85	90⅞	4.35
*1908.					

It is certainly a time for the small investor, if he has money in hand, to take advantage of this opportunity to purchase these unquestioned securities. The interest to be received, while not high, compared with some of the industrial flotations made in the last year or two, is still absolutely certain of being paid, and with such securities in safekeeping he may be indifferent to any storms in the security market, knowing that he has in his possession the primest kind of investments.

HAYDEN, STONE & Co.

WITH the issue of \$30,000,000 four and one-half per cent. general mortgage bonds by Chicago, Milwaukee & St. Paul Railway Company it may be recalled how few offerings of first mortgage railroad bonds have been made in any large amount during the last five years. Including the current St. Paul issue, it will be difficult to find as many as a dozen offerings of first mortgage bonds within that period. Except for

ville & Nashville Unified 4s, \$18,000,000 in 1909; Chicago Great Western First 4s, \$18,500,000 in 1909; Delaware & Hudson First and Refunding 4s, \$20,700,000 in 1909 and \$7,000,000 in 1911; Central New England, \$12,000,000 First 4s in 1911; Chicago, Milwaukee & Puget Sound First 4s, \$25,000,000 in 1909; Virginian Railway First 5s, \$25,000,000 in 1912; and Canada Southern First and Refunding 5s, \$22,500,000 in 1912.

A few other railroad bond issues, with first mortgage on large mileages have been made in this period, notably by Chicago & Northwestern, Great Northern and the Burlington. But the above issues comprise practically all issues that are first mortgages on the main stems or a majority of the mileage of each system.

The reason for the infrequency of first mortgage issues is not difficult to see. Most of the railroads issued mortgages on their properties fifteen or twenty or more years ago and usually for very long terms, in many cases for a hundred years. The great development of railroad facilities following

since that time was hardly foreseen, and the mortgages were in very few instances made large enough to provide for improvements for more than eight or ten years ahead, besides refunding smaller liens. Nearly all first mortgages on the great railroads are, therefore, closed. Issue of convertible bonds or stock, or of refunding bonds that are first mortgages on only a small mileage, has been for several years the feature of railroad financing.

In the case of the present issue of St. Paul bonds, investors are again offered a first mortgage security because the St. Paul has been very careful to conserve its mortgage bonds. With a high credit this system has in previous years issued stock, convertible bonds and plain debentures.

The lesson to be drawn now in railroad financing is that first mortgage bond offerings will continue to be infrequent, because they are not available; and as a consequence the present first mortgages are continually gaining in security because investment in them is backed continuously by new capital in the form of junior bonds, not to mention that derived by increase of capital stock. Investors may find at the present time railroad bonds, with a first

and closed mortgage, of issues large enough to afford a free and active market, and yet which are protected by junior investment of three to ten times the amount of first mortgage bonds outstanding. Even in the St. Paul General Mortgage bonds, which are not yet a closed issue, there are \$127,000,000 of bonds with a junior lien, as well as \$116,274,900 preferred stock and \$116,348,200 common stock, as compared with \$88,000,000 of general mortgage bonds outstanding.

Yet with all this bulwark of junior investment following upon and protecting investment in railroad first mortgages, it is becoming an old story to say that railroad bonds are selling in the market at their lowest price during the past eighteen years, with the exception of a period of three or four months in the 1907 panic. We now find the St. Paul taking the initiative in selling its general mortgage bonds to the public at a price to yield $4\frac{1}{2}$ per cent., a yield for bonds of that character carrying availability for purchase by savings banks and trustees that has hardly been offered in a generation. Back in 1904 the four per cent. bonds of the same mortgage issue sold at a price of 112.

Investment and Miscellaneous Securities

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 36 Wall St., New York.

	Bid.	Asked.		Bid.	Asked.
Adams Express	130	140	General Baking Co. Com.	18	22
American Bank Note Com.	43½	46½	General Baking Co. Pfd.	63	67
American Bank Note Pfd.	49½	52	Hercules Powder Co.	94	99
American Brass	131	136	Hudson Companies Pfd.	9	20
American Chiclet Com.	194ex	198ex	Hudson & Manhattan Com.	1½	7
American Chiclet Pfd.	92	97	Hudson & Manhattan Pfd.	3½	12
American Dist. Tel. of N. J.	50	53	International Nickel Com.	116	118
American Express	165	180	International Nickel Pfd.	98	100
Atlas Portland Cement Com.	30	55	International Silver Pfd.	120	127
Atlas Powder Co.	88	91	Kings Co. E. L. & P.	111½	113½
Autogales Gum & Chocolate	16	20	New Jersey Zinc	525	575
Babcock & Wilcox	98½	100	New York Railways	15	25
Borden's Condensed Milk Com.	114½	116½	Otis Elevator Com.	67	69
Borden's Condensed Milk Pfd.	103	105	Otis Elevator Pfd.	92	95
Bush Terminal	47	57	Phelps, Dodge & Co.	195	200
Celluloid Company	127	132	Pope Manufacturing Com.	5	11
Childs Restaurant Co. Com.	120	130	Pope Manufacturing Pfd.	30	38
Childs Restaurant Co. Pfd.	99½	101½	Remington Typewriter Com.	30	33
Computing-Tabulating-Recording	40	43	Remington Typewriter 1st Pfd.	94½	97½
Connecticut Railway & Light Com.	65	70	Remington Typewriter 2d Pfd.	93	96
Del., Lack. & Western Coal	260	280	Royal Baking Powder Com.	175	185
E. I. du Pont Powder Com.	122	126	Royal Baking Powder Pfd.	102	104
E. I. du Pont Powder Pfd.	85	88	Safety Car Heating & Lighting	108	111
Empire Steel & Iron Com.	13		Sen Sen Chiclet	110	114
Empire Steel & Iron Pfd.	35		Singer Manufacturing	295	300
			Standard Coupler Com.	20	37
			Union Ferry	20	25
			U. S. Express	50	55
			Virginian Railway	13	18
			Wells Fargo Express	111	120
			Western Pacific	5½	6½

SAFE DEPOSIT

Some Practical Hints

BY RAPHAEL S. PAYNE, MANAGER SAFE-DEPOSIT DEPARTMENT METROPOLITAN SAVINGS BANK, BALTIMORE.

IN the same manner that the professions of law and medicine have become specialized, so has that of banking been divided into various departments, each invested with specific yet coöperative functions, and separate officers, whose experience and expert knowledge qualify them for the work.

the seal by a dishonest hand, whether the package is in transit or in the custody of the institution.

The Value of a Good Seal

THE proper sealing of storage is a matter of much importance and various methods are employed. The old fashioned metal seal is still used and other new devices have come into vogue, some of which are either expensive or awkward. One of the simplest, cheapest and handiest schemes is to have a die made with the bank's title and some little cipher or significant letter so engraved as to make a good impression in sealing wax; then invest in a box of tapers, a few pounds of red wax in twelve-inch bars and some rolls of printer's binding paper, one and a quarter inches in width, which comes prepared with mucilage on one side. By simply pasting the paper over the lock if a trunk or handbag, or around the package, if a bale, box or other receptacle without a lock, then affixing the seal at the vulnerable point or at either end of the paper strip, and you have a seal which, as long as the paper is intact, reassures both you and your customer when the valuables are called for. As a further precaution, it is a good idea to put the date on the paper strip with the initials of the clerk, which serves as a preventive to the breaking or tampering with

Growth of the Idea

ALTHOUGH the safe deposit idea dates back a good many years, it has really only been reduced to a scientific basis within the past decade or so, while within the last five or six years it has been universally adopted and has developed into an important and profitable feature of a large percentage of the country's financial institutions.

It is not only a fundamental source of revenue, but in view of the ever increasing elements of risk and danger and the instability of the social order, a safe-deposit department has become almost essential to a bank in a big city or at a manufacturing centre. As an illustration of the magnitude of the business, the president of a banking and trust company in one of our metropolitan cities, in discussing the system with the writer, stated that his institution had an installation of 12,000 boxes, 10,000 of which were constantly rented.

Storage Vaults an Attractive Adjunct

THE bank building to-day which was planned and equipped to meet the demands of the future, enjoys an advantage over those located in office buildings—especially in the matter of space. The rapid growth of population, of itself, points out the value of space in connection with a safe-deposit

plant, as there is the adjunct of storage, which is not only a useful and attractive feature, but a very necessary supplement to the former kind of security. There are storage vaults to-day as interesting as an art store or some inviting home interior, with portraits, ornaments, tapestries, rare pieces of "period" furniture, perhaps a beautiful old harp or some fascinating antique or heirloom, all in view, and in the same atmospheric conditions, exempt from dust and handled with as much care as though in their owner's possession.

Observation Without Curiosity

FREQUENTLY purses and valuable papers are forgotten—envelopes containing bonds and even money torn in half by mistake and thrown into the waste basket. Diamonds and other jewels have been known to get away from renters and roll into nooks and under furniture without the knowledge of the box renter. Another instance is recalled when a valuable diamond set in a lady's collar button was noticed to fall upon the floor, apparently without her knowledge, and spin out of sight, as collar buttons invariably do. Had the incident escaped the safe-deposit man he would probably be under suspicion to-day, although experience teaches that the average woman, when it comes to business transactions, accepts the mistakes and errors of everyday life with much more philosophy than a great many men.

An Ideal Bank Storage Vault

STORAGE on a small scale, without specific insurance or delivery service, has proved a good business producer to a bank—especially if it can be conducted on the main floor in a special vault in convenient proximity to

the safe deposit vaults. To attract patronage, however, such a vault must be perfectly ventilated and lighted and access to the coupon room so easy that customers can with comfort put in and take out such pieces of silver or other articles that they may on occasion need at home. Rates should be reasonable. In the equipment of a safe-deposit plant, the private booths, their arrangement and location should be carefully thought out to insure proper light, etc. The routine involving the entry and departure of renters varies, some systems being surrounded with more precautions than others, according to a trust officer's ideas of protection as affecting the institution, his customer and himself. It is not generally resorted to, but has proved an invaluable aid, to number the booths. The man at the gate jots it down in his roll book when the customer enters and as soon as he vacates the booth the same is searched. In this way many "finds" are made which can be promptly located and traced to the proper owner.

Lessons from Daily Experiences

A DAY never passes that a safe-deposit manager does not have experiences which both serve to whet his caution and reveal little lessons which teach patience as well as vigilance, and that attention to detail which never flags, however irksome or apparently superfluous the routine. A case is recalled, which illustrates the importance of "looking over the tracks." A customer, with the reputation of being a methodical business man, had spent perhaps an hour in the booth with his securities. On taking his leave he casually remarked that he had cut his coupons. Upon searching the booth, nothing was apparently overlooked, but the bank man noticed that some figuring had been done on a coupon envelope. He took up the envelope intending to discard it from the others.

but before throwing it into the waste basket he intuitively, mechanically if you will, held the envelope up to the light. He was rewarded when he discovered a batch of coupons which were almost as thin as tissue paper. The customer was overtaken before he left the building and went his way, I hope, rejoicing, as much as did the bank man.

Women as Patrons

A LARGE number of women are safe deposit renters and constitute a valuable clientele to the uptown banks of all the big cities. It is an important line of custom which is growing rapidly to meet the pace set by woman's influence in all the affairs of the times. Women make good safe-deposit customers and frequently save their husbands a great deal of time and work in examining and studying all kinds of papers, securities, plans, etc. They are conspicuous for their patience in looking over papers and are qualified by nature for such confidences as call for care, prudence and thoroughness. Women patrons are grateful for little amenities shown them in business matters and frequently send good customers to the bank. They are also instrumental in promoting the bank's future interests, for they train their children to help them with their affairs, who in turn, as they grow up, become the depositors and "coupon cutters" of the next generation.

A New Stimulus to Safe Deposit Departments

THE RECENT impetus given to investment banking, its remarkable growth and the attractive and lucrative opportunities it is sure to offer in the future to the young men in finance, has created a demand for the safe-deposit box among all classes of people. The new departure on the part of cities and

companies involving municipal service, in conducting popular sales of stock with the purpose of meeting emergencies and stimulating, through ownership, the spirit of good will and local pride, has all of a sudden created a population of bondholders and stock investors. Many of these are small investors, but it is only a matter of time when this class of people will figure in important business transactions. A little education of the safe-deposit idea among this class will soon awaken them to the necessity of the system, which, as they avail themselves of it from year to year, they will find not only useful but indispensable.

Soliciting Business

A GOOD safe deposit department form letter was sent out by the Chattanooga Savings Bank. It read as follows:

Dear Sir:

Have you ever been unable to find a valuable paper or some of your jewelry when you wanted it and then worried a great deal before you came across it tucked in some out-of-way place where you had put it and forgotten?

Now, if you had a Safe Deposit Box in our vaults in which to put all your important documents, such as your will, deeds, mortgages, stocks, bonds, jewelry or other valuables, you would always know just where they were and could put your hand on them at any time you wanted them.

The relief from care, combined with the absolute safety afforded, more than compensates for the rent of such a box, which is \$2.00 a year, or more according to the size. Moreover, for the storage of gold or silver plate, trunks, and other articles of bulk, we have ample space at nominal rates.

Rooms equipped with every convenience are at the service of box-renters, where they can examine their property, clip their coupons, or hold consultations, in absolute privacy.

As we believe you will be interested in the modern equipment we have provided in our vaults—the largest and strongest in Chattanooga—we cordially invite you to call and inspect them at any time between 9.30 a. m. and 5.00 p. m.

Very truly yours,
W. A. SADD, President.

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Conducted by T. D. MacGregor

The Wisdom of Thrift

One Hundred Quotations Showing What Famous Men of Every Age and Clime Have Thought About the Necessity of Saving

COMPILED BY T. D. MACGREGOR

(EDITORIAL NOTE: So far as we know, this is the first time that a comprehensive collection of quotations on this subject has been made. It is our purpose to reprint these 100 Thrift Quotations in pamphlet or booklet form for banks to use in advertising for saving accounts, a page or two being left for the advertising matter of the bank distributing the publication. The booklet will be sold to only one bank in a community—the first to apply. Ask for further particulars if you are interested.)

"Go to the ant, thou sluggard; consider her ways, and be wise; which having no guide, overseer or ruler, provideth her meat in the summer, and gathereth her food in the harvest."—The Bible.

"Every man is the architect of his own fortune."—Sallust.

"Thrift comes too late when you find it at the bottom of your purse."—Seneca.

"When I caution you against becoming a miser, I do not therefore advise you to become a prodigal or a spendthrift."—Horace.

"In the family, as in the State, the best source of wealth is economy. It is a great revenue."—Cicero.

"Keep adding little to little, and soon there will be a great heap."—Virgil.

"He that wants money, means and content is without three good friends."—Shakespeare.

"The fault, dear Brutus, lies not in our stars but in ourselves that we are underlings."—Shakespeare.

"If a man look sharply and attentively, he shall see fortune; for though she is blind, she is not invisible."—Francis Bacon.

"Men are seldom more innocently employed than when they are honestly making money."—Samuel Johnson.

"Without frugality few can become rich and with it few would become poor."—Samuel Johnson.

"Thrift requires that money should be used and not abused—that it should be honestly earned and economically employed."—Samuel Smiles.

"Thrift began with civilization. It began as soon as men realized that it was necessary to provide for to-morrow as well as for

to-day. It began long before money was invented. Thrift means private economy as well as the order and management of a family."—Samuel Smiles.

"One must be economical in order to be liberal."—Voltaire.

"The way to wealth is as plain as the way to market; it chiefly depends on two words, industry and frugality."—

Benjamin Franklin

"Save, young man, and become respectable and respected. It is the surest way. If you would be wealthy think of saving as well as getting."—Benjamin Franklin.

"Save a little of thy income and thy hide-bound pocket will soon begin to thrive and thou wilt never cry again with an empty stomach; neither will creditors insult thee, nor want oppress, nor hunger bite—nor will nakedness freeze thee. The whole hemisphere will shine brighter, and pleasure spring up in every corner of thy heart."—Benjamin Franklin.

"Remember that money is of a prolific, generating nature. Money can beget money, and its offspring can beget more, and so on. Five shilling turned is six, turned again it is seven and three pence, and so on till it becomes one hundred pounds. The more there is of it the more it produces every turning, so that the profits rise quicker and quicker."—Benjamin Franklin.

"Economizing for the purpose of being independent is one of the soundest indications of manly character. It is what we save rather than what we earn that insures a competence for the future."—Stephen Girard.

"Economy makes happy homes and sound nations. Instill it deep."—George Washington.

"Save and teach all you are interested in to save; thus pave the way for moral and material success."—Thomas Jefferson.

"To catch Dame Fortune's golden smile,
Assiduous wait upon her;
And gather gear by ev'ry wile
That's justified by honor;
Not for to hide it in a hedge,
Nor for a train-attendant;
But for the glorious privilege
O' being independent."

—Robert Burns.

"Teach economy. That is one of the first and highest virtues. It begins with saving money."—Abraham Lincoln.

"Saving goes before security, happiness and good citizenship. It makes MEN; while extravagance makes vicious or worthless members of society."—Bismarck.

"In him woke
With his first babe's first cry, the noble wish
To save all earnings to the uttermost
And give his child a better bringing up."

—Tennyson, "Enoch Arden."

"We are creatures of habit. We succeed or we fail as we acquire good habits or bad ones; and we acquire good habits as easily as bad ones. Most people don't believe this. Only those who find out succeed in life."—Herbert Spencer.

"Men of the South—save. You must learn this lesson or that economy which so stiffens the North and inspires and stimulates its industry, will overwhelm you."—Henry Clay.

"Remember that thrift is the surest and strongest foundation of an empire—so sure, so strong, and so necessary that no great empire can long exist that disregards it."—Lord Rosebery.

"Economy is near to the keystone of character and success. A boy that is taught to save his money will rarely be a bad man or a failure; the man who saves will rise in his trade or profession steadily; this is inevitable."—Gladstone.

"Care preserves what industry gains. He who attends to his business diligently, but not carefully, throws away with one hand what he gathers with the other."—C. C. Colton.

"If you want to be anything in life or in your community, save your money—and begin to do it right away. Saving puts a man together, makes him fit and able to do things. Before you know it you are getting on—making money and becoming a solid citizen. Nine out of every ten successful men have grown up that way."—Mark Hanna.

"Things don't turn up in this world until somebody turns them up. Experience teaches that it is the men and women who pay attention to small savings that become wealthy. By saving nickels and dimes, a thrifty person lays the foundation of a fortune."—Jas. A. Garfield.

"Wealth is not always acquired, as many suppose, by fortunate speculations and splendid enterprises, but by the daily practice of industry and frugality and economy. He who relies upon these means will rarely be found destitute."—Wayland.

"The man who does not and cannot save money cannot and will not do anything else worth while."—Andrew Carnegie.

"The best way to accumulate money is to resolutely save and bank a fixed portion of your income, no matter how small the amount."—Andrew Carnegie.

"Apply to the masses of men any of the tests that indicate success or failure in life, progress or stagnation, valuable or worthless citizenship, and none more clearly than thrift, will separate the temperate, well behaved, respected and useful from the unsatisfactory member of society."—Andrew Carnegie.

"The remedy for extravagance is the cultivation of self-denial and self-control. The young man who bewails the smallness of his salary deserves to fail in life, for no one in receipt of a regular income is too poor to put by a few cents each week."—Rev. T. DeWitt Talmage.

"When to the intelligence of Southern men we have added the wholesale instinct of saving money, no race will equal us."—Robert E. Lee.

"The lesson we must learn is the value of money and the value of saving money. Economy makes strong, industrious, successful men. I cannot state this too emphatically."—Jefferson Davis.

"Save your money and thrive or pay the price in poverty and disgrace."—Andrew Jackson.

"Economy no more means saving money than it means spending money; it means administration of a house; its stewardship; spending or saving, whether money or time, or anything else, to the best possible advantage."—Ruskin.

"The great secret of success in life is to be ready when your opportunity comes."—Disraeli.

"Careful saving and careful spending invariably promote success. Economy is one of the most essential elements of success, yet most wretchedly disregarded. The five or ten cents squandered a day, if saved, will in a few years amount to thousands of dollars. If a man is not competent to manage a small income or a small business, he is not competent to manage a large income or a large business."—Marshall Field.

"It is not often that a man can make opportunities for himself. But he can put himself in such shape that when or if the opportunities come, he is ready to take advantage of them."—Theodore Roosevelt.

"Extravagance rots character; train youth away from it. On the other hand, the habit of saving money while it stiffens the will also brightens the energies. If you would be sure that you are beginning right, begin to save."—Theodore Roosevelt.

"I should think ill of any man who did not leave his children a little better off materially than himself."—Theodore Roosevelt.

"No boy ever became great as a man who did not in his youth learn to save money."—John Wanamaker.

"I know of no greater independence than this thing of having a little lump sum of money snugly put away, be it ever so small. A

sum that is kept in reserve and only in very extreme instances drawn upon."—Daniel Barnes, President Seamen's Savings Bank, New York.

"Some of our greatest industrial organizations have learned their A, B, C's in waste elimination and have found themselves well repaid. The time is coming when every man who lays claim to business ability will keep the question of waste before him constantly."—Thomas A. Edison.

"If a man does not provide for all who are dependent upon him, and if he has not that vision of conditions to come and that care for the days that have not yet dawned, which we sum up in the whole idea of thrift and saving, then he has not opened his eyes to any adequate conception of human life. We are in this world to provide not for ourselves alone, but for others, and that is the basis of economy. So that economy and everything which ministers to economy supplies the foundations of national life."—President Woodrow Wilson.

"We have not studied cost or economy as we should, either as organizers of industry, as statesmen, or as individuals."—Woodrow Wilson.

"With the vast majority of young men and women, the life plan includes the gradual accumulation of a fortune. The first rule that they need to learn is to live within their means. The husband and wife should make their plans together; they enter heartily upon their work; she is as willing to sacrifice as he is to labor—and her willingness to save is as important a factor in their success as his ability to earn."—Secretary of State William J. Bryan.

"If it were possible for me to double the income of all our employees, the good I could do in that way would be less than if I could imbue them with an earnest desire and purpose to save and invest their money."—Henry L. Doherty, New York.

"Success is more than money, but one must save money and have money to gain success."—N. W. Harris.

"You can make to-day's economy and deprivation pay interest a hundredfold if you use good judgment and can trust yourself to stick to to-day's determination as to self-denial and saving."—Arthur Brisbane.

"The man who owns his own house, who owns the roof over his head and the ground under his feet, whose children have a place that they look upon as their own, gives to himself and to his family a chance a thousand times better than that of the individual who is living in a box called an 'apartment.' Don't buy what you can't afford to pay for. But remember that if you are really able to pay the average rent, YOU ARE ALSO ABLE TO PAY AND GRADUALLY BUY THE HOME AND OWN IT."—Arthur Brisbane.

"The saving of money usually means the saving of a man. It means cutting off indulgences or avoiding vicious habits. The little difference between what you earn and what you spend is power. It often measures the distance between success and failure."—O. S. Marden.

"Young men who are determined to make something of themselves will think a great

many times before they marry a young woman with extravagant notions, for they know that once a woman has contracted a taste for luxuries and formed the habit of living beyond her income, she is rarely content with what a man in moderate circumstances can afford to give her."—O. S. Marden.

"If you want to know whether you are destined to be a success or a failure in life, you can easily find out. The test is simple and it is infallible: ARE YOU ABLE TO SAVE MONEY? If not, drop out. You will lose. You may think not, but you will lose as sure as you live. The seed of success is not in you."—James J. Hill.

"The little savings bank in the home means more for the future of the children of a family, almost, than all of the advice in the world. It gives them the right start."—William McKinley.

"Give me the young man with \$50 in the bank—in any bank—money he has earned and saved himself, and I will show you a young man who is started on the road to success. I cannot impress on employers too strongly the wisdom of encouraging their employees to economize, to save, to start a bank account."—R. W. Sears.

"If there are nice things you want to buy, and they are necessary, buy them, but do not squander your money—save it."—John D. Rockefeller.

"The American people are prodigal, and our extravagance will have to be paid for by some one. People are wasteful and extravagant. We are not saving up for the rainy day, for the time of need."—John D. Rockefeller.

"How can one be ready for the glorious opportunities ahead of him unless he has cultivated the habits of economy and prudence? He must save all he can, in season and out of season!"—John D. Rockefeller.

"Thrift is such a simple thing—and it means so much. It is the foundation of success in business, of contentment in the home, of standing in society."—Russell Sage.

"The matter of our extravagance outranks any problem of the time."—Irving Bacheller.

"Poverty will not be abolished, nor mankind advanced in civilization by action of governments. All great reforms are the work of individuals. Would you abolish poverty? Would you advance civilization? Then educate individuals, one by one, to be more virtuous, more intelligent, more industrious and skillful."—Jacob G. Schurman.

"The paramount thing is to save. No man has any business to spend all he makes. He has no right to expect continuous help from those around him. Even if he makes but five or six dollars a week he should save one. It may not be easy, but even one dollar bill will add up."—Walter H. Bennett.

"The rapidity of development and the creation of a multiplicity of new needs eat up the large earnings of the (American) people, who, though they are living better than Europeans, unfortunately have not ac-

quired the habit of saving."—Prof. Guglielmo Ferrero.

"In all things extravagance is to be deprecated. Nowhere will system be found of greater service than in consistently apportioning the income to the various demands made upon it, and holding steadfastly to this division."—Alice L. James.

"Annual income twenty pounds, annual expenditure nineteen nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery."—"Mr. Micawber," Dickens.

"Make all you can; save all you can; give all you can."—John Wesley.

"Extravagance, if not a crime, very naturally leads to crime."—Hugh McCulloch, first Comptroller of the Currency.

"The true measure of a man's ability is the power to help others and to contribute to their advancement. The effort to make money is an important incentive to social service and industrial progress."—President A. T. Hadley of Yale.

"A small bank account pays a large dividend socially, in addition to its steady financial returns."—J. Pierpont Morgan.

"The balance which self-denial holds in the home is a balance of prosperity and peace."—Chancellor James R. Day of Syracuse University.

"I have often said to those in my own employ that if they would plan to save \$1,000 that they would immediately become capitalists and would be given a very large resource so far as increasing their annual income is concerned. The man who has by his own thrift and saving accumulated a thousand dollars is a safe man to trust, and when he has done this, the time is very near when he will have accumulated another thousand dollars."—Gov. Joseph M. Carey of Wyoming.

"If I had never saved, I would never have been successful."—Thomas F. Ryan.

"One thing certain, I will keep what I have and live within my salary here. I can do it with economy, I think, and the lesson will be good for the public. A little economy won't hurt the American people."—Vice-President Thomas R. Marshall.

"I would advise every young man to make it the rule and practice of his life to save a part of every dollar he may earn or receive (one-half if possible). This will enable him to take care of himself in old age independent of relatives and friends, or charitable institutions. Live temperately in all things, avoid the gilded palaces that now seem to be so firmly established, and which are the ruin of so many of our men and women."—H. M. Dexter.

"I have seen many instances where young men who had started life with practically nothing, through saving and economy, accumulated enough to make them comfortable in their old age, but never have I seen anyone who lived to the allotted age of man and who spent all of his income, who is not a charge upon his friends or the community. My experience for years on the

bench convinces me that most criminals become such because in their early life they did not acquire the habit of saving."—Gov. Wm. J. Mills of New Mexico.

"Ninety per cent. of genius is energy and industry and to save something out of one's earnings, either great or small, means certain success. Individuals who have been successful are those who have been thrifty and economical."—Gov. Chase S. Osborn of Michigan.

"I have often been asked to define the true secret of success. It is thrift in all its phases, and principally thrift as applied to saving. A young man may have many friends, but he will find none so steadfast, so constant, so ready to respond to his wants, so capable of pushing him ahead, as a little leather-covered book with the name of a bank on its cover. Saving is the first great principle of all successes. It creates independence, it gives a young man standing, it fills him with vigor, it stimulates him with the proper energy, in fact it brings to him the better part of any success—happiness and contentment. If it were possible to inject the quality of saving into every boy, we would have a great many more real men."—Sir Thomas Lipton.

"The way to material success in life is simple. The man who sets a straight course and refuses to deviate from it, who lives on less than he makes, thus constantly amassing a surplus, and who invests that surplus wisely and conservatively, is bound to build up a comfortable fortune to retire on when his business days are over."—S. W. Straus.

"Save your money. Save all you can. \$5,000 a year is not too much for some of you to save. If there is a man selling our goods who cannot save at least \$2,000 a year, let him look for some other business. Accumulate something and get ahead in the world, so that you can live better, do more for your children, and acquire a competence for a comfortable old age or the 'rainy day.'"—Hugh Chalmers.

"The man who lives within his means and regularly and systematically lays aside part of his earnings, and puts this surplus where it will work for him as unceasingly and as faithfully as he worked once for it, has acquired a habit of no small import in the building of his character and the carving of his future."—W. H. Kniffin, Jr.

"Have you ever considered that if you are spending all of your money as it comes to you, week by week or month by month, you are working in a treadmill? At the end of the month you are no nearer the end of your ambitions than you were at the beginning."—J. A. Jayne.

"A man must not allow the desire for gain to transform him into a mean-spirited fellow whose life desire is to hoard in a miserly way, for to such a man there will always be but few pleasures in life."—J. O. Curwood.

"There are but two ways of paying debt: increase of industry in raising income, increase of thrift in laying out."—Carlyle.

"Before you are taken into partnership and given a chance to spend the funds of the firm, you must give evidence that you know how to care for your own. The worthless, the shiftless, the insincere, the always needy, never get ahead—and at the

bank they are unknown. Even a small bank account makes an impress on your character."—Elbert Hubbard.

"Every man, woman and child ought to save. That is the earnest and repeated exhortation of all the good and wise men who have lived. To learn to save is really the first important lesson of life."—Thomas Burton.

"If the young man ever expects to succeed in business he must be economical. No matter how small the sum the boy or young man is receiving, he should always save a portion of his income."—Henry C. Lytton.

"Soon you will find yourselves in the presence of little children every day—your own children. When that time comes you will see how much this happiness surpasses all other human joys, and how it is the real foundation for the enjoyment of work and the earning a living. He who has domestic joys will get intense satisfaction even from the most monotonous and tiresome employment. He will have the satisfaction of earning the livelihood of wife and children."—Charles W. Elliot, President Emeritus of Harvard University.

"There are three kinds of people in the world—the wills, the won'ts and the can'ts. The first accomplish everything, the second oppose everything and the third fail in everything."—William T. Ellis.

"Every moment you now lose is so much character and advantage lost; as, on the other hand, every moment you now em-

ploy usefully, is so much time wisely laid out at prodigious interest."—Lord Chesterfield.

"The things we do to-day may seem to be lost, but in the great financial revealing the smallest of them will appear."—James Russell Lowell.

"Circumstances! I make circumstances."—Napoleon.

"The surest way to make money is to save money and to use what you have. Any young man can get rich, can succeed in business if he saves, if he has a definite and honest purpose and is so filled with the purpose that work ceases to be a hardship and becomes a privilege."—Frederick Weyerhaeuser.

"Luck means rising at six in the morning, living on a dollar a day if you earn two, minding your own business and not meddling with other people's."—Max O'Rell.

"You think your 'little' is not worth saving; but I have noticed that the cigar man and the theatre man and the soda-water man have such a high opinion of your 'little' that each is glad to get his hands on just a small fraction of it in order that he may carry it to HIS bank and have it placed to HIS account. I suppose it is all the same to the bank—your little is going there anyway—but, say! If it is going there anyway, would it not be better to carry it there yourself, and have it placed to YOUR credit?"—Edward Leigh Pell.



Two Good Histories

Semi-Centennial Anniversaries of Two Western National Banks

THE first national bank in operation in the United States was the First National Bank of Davenport, Iowa. It was given charter No. 15, but owing to the enterprise of Austin Corbin and its other founders it did not wait till July 1, 1863, when most of the earliest national banks opened their doors, but it began business Monday, June 29th, 1863, and for two days enjoyed the honor of being the only institution in the whole country operating under the National Bank Act.

It is very fitting, therefore, that this year this bank should celebrate the fiftieth anniversary of its founding. This the bank has done by issuing a splendid

historical volume of 175 pages. The book is illustrated with portraits of the bank's nine presidents and pictures of its old and new homes. The history of the First National Bank is preceded by some account of banking under State laws and early banking in Davenport, and the later chapters in the book are taken up with the biographies of persons formerly connected with the bank and sketches of persons now actively connected with the institution. Altogether the book is of more than local interest. The bank has a record of which it can well be proud and it is admirably set forth in this book.

Another of the earliest national banks

is The First National of Chicago, whose charter is No. 8, and this great bank has also signalized its fiftieth anniversary by getting out a handsome and substantially bound book of 87 pages.

The book contains "A brief history of the bank's progress from the day on which it opened for business, July 1, 1863, to the same date half a century later, with which is incorporated a sketch of the First Trust and Savings Bank." The spirit of Chicago's motto "I Will" breathes through this account of one of its strongest financial institutions and its steady growth through half a century. One of the most interesting pictures is that of the ruins of the bank's second building destroyed by the fire of 1871. In speaking of the beginning of the First Trust and Savings Bank, the book says:

"Success, in a measure unprecedented in the annals of Chicago finance, came to the First Trust and Savings Bank from the beginning. In the first seven days after its doors were opened 1,089 savings accounts had been started, all the deposits showing a total of \$3,195,591."



Developing Self-Confidence

A BOOK which is perhaps of more value to a personal solicitor of business than to an advertising man but at the same time a good book for anybody is "How to Develop Self-Confidence in Speech and Manner," by Grenville Kleiser, who believes there are thousands of persons, who for want of self-confidence are held in physical and mental bondage. To all such the chapters of this book will be of substantial value. He sets forth a series of suggestions to be used systematically in correcting the want of confidence in speech and manner; he lays down as a fundamental principle that one should not merely *think* of himself as strong and cheerful, but should endeavor constantly to *express* those qualities in

looks, voice, words, manner, work and daily life.

We are sure that any reader will obtain many times \$1.25 worth of self-confidence from this book, and we would be glad to take orders for it at that, the publisher's, price.



Advertising a New Home

HOW TWO BIG BANKS CALL ATTENTION TO THEIR BUILDINGS.

THE Guaranty Trust Company of New York which recently occupied its own new building on lower Broadway, used a tipped-on print of its home on its latest statement folder, and the picture has been used in newspaper and magazine advertising also.

The German-American Trust & Savings Bank of Los Angeles got out a very handsome brochure telling something of the unique features of its new home at Spring and Seventh streets. Portraits of the officers and directors were included and a floor plan of the banking quarters was inserted.



The Typography of Advertisements

THOSE of our readers who are interested in knowing what is good and what is bad in the typography of advertisements and in learning how to secure the former and avoid the latter would do well to secure a copy of the new book by F. J. Trezise, chief instructor of the Inland Printer Technical School, entitled "The Typography of Advertisements. The book, naturally is a fine exemplar of its own principles, and the clearness of the illustrations is matched by the clarity of the author's comment thereon. Upon reading this book you will be convinced that there is more importance attached

to this subject than perhaps you had imagined. The subjects taken up include:

"The Importance of Good Advertising Display," "Laying Out the Advertisement," "The Question of Display," "On Choosing Type," "On the Use of Borders," "The Department Store Advertisement," "Hand-Lettered Adver-

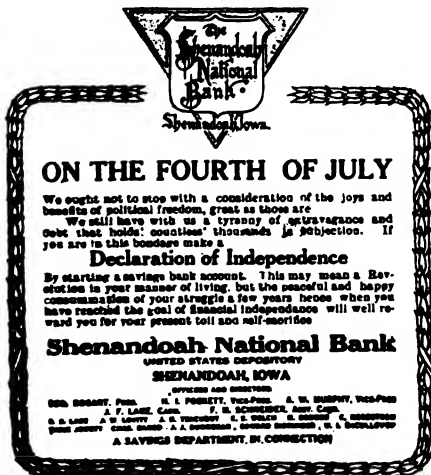
tisements," "Agency Advertisements," "Illustrations in Advertisements," "How to Set the Advertisement." The book contains 186 pages and 65 illustrations; handsome board cover, printed in two colors. The price is \$2.00, and the Bankers Publishing Company would be pleased to receive orders to forward to the publishers.



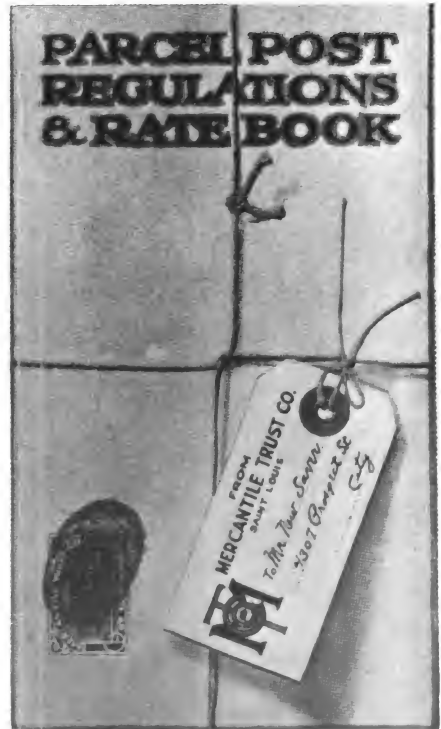
How Banks Are Advertising

Note and Comment on Current Financial Publicity

THE Security Trust & Savings Bank of Los Angeles, Calif., reprinted a news article from the New York "Sun" of May 2, 1913, concerning an aged lawyer who confessed shortly before his death that he had lost the entire principal of a trust fund of \$140,000 held by him for four orphans. Opposite the various paragraphs of the news story the bank published telling arguments for a corporate as against an individual administrator. The outside of the circular was gotten up in



INDEPENDENCE DAY AD. WRITTEN BY THE
EDITOR OF THIS DEPARTMENT



A NOVEL AND APPROPRIATE BOOKLET COVER

the form of a legal paper entitled "In the Supreme Court, Security, plaintiff vs. Carelessness, defendant."

The Mercantile Trust Company of St. Louis issued a complete parcel post regulations and rate book showing the

AGED MAN CONFESSED LOSING \$140,000 ESTATE

Confession Made on Death Bed Is Read in Court

Walter Mead, a lawyer, more than 50 years of age, made a confession six weeks before his death on January 4 last, at his home, 114 Hegen street, Brooklyn. He admitted that he had lost the entire principal of a trust fund of \$140,000 held by him for the four children of the late Countess Alice Thurn-und-Taxis.

The remarkable confession was read in Justice Glasper's hall of the Supreme Court today. It had been made in response to a court order requiring Mead to render an accounting of his trusteeship to Vernon Lewis, the referee appointed in the suit of Mrs. Alice Mansfield of London, a daughter of the Countess, against Mead to obtain the accounting.

When Mead died his widow, as his executrix, was made defendant in the action.

The trustees told the referee that he had received \$140,000 from Stevens. "The entire principal of the trust," the old lawyer confessed, "was invested from time to time in stocks and bonds authorized by the will and without any negligence or fraud on my part." The precise details of these investments, the dates and the receipts I cannot state. My inability to do so, I believe, to my advanced years, coupled with recent physical and mental afflictions. I have suffered two strokes of paralysis, which have not only almost incapacitated me, but have impaired my mental faculties. I have no method of ascertaining facts relating to these matters. The men with whom I transacted business in relation to this estate in the past seem, as far as I am able to learn, to be all dead and gone. The records that I kept were inadvertently destroyed by fire.

I am confident, however, that the unfortunate investments which were made by me in good faith, the principal of this fund was swept away more than fifteen years ago. I do know that up to within a short time before the institution of these proceedings I kept up the payments of \$400 per month for the beneficiaries of this trust out of my own means and in the hope that I might some day be able to earn the entire principal of the fund. My advanced years and my physical and mental illness prevented me from accomplishing this end."

He admitted he had lost the entire principal of a trust fund.

Court order obtained an accounting.

vision of the State Bank Examiner.

Inability due to advanced years and impaired faculties.

never takes vacations. When you appoint our Trust Department as your executor or trustee, you secure not a one-man management, but the combined experience and attention of all the institution's officers and directors.

The unfortunate investments were made in good faith.

its investments are regulated by those who must of necessity be familiar with conditions governing their value.

Records he kept were inadvertently destroyed by fire.

When the Security is named as your executor or trustee, it keeps all the papers and documents relating to the estate in its great Chrome Steel Vault. These vaults are absolutely proof against fire, flood, or earthquake.

We are always glad to answer questions and make suggestions relative to matters pertaining to the preparation of your Will, and when named as Executor, Trustee or Guardian therein, we prepare your Will. No charge is made for this service.

SECURITY TRUST SAVINGS BANK

Fifth and Spring Streets
Los Angeles

CLEVER USE OF A NEWS ITEM

rate from St. Louis to every post office in the United States and our island possessions. The most striking feature was the cover made up so that the booklet resembled a neatly tied-up parcel.

"The Gold Discovery of Forty-eight" is the title of another of the excellent series of historical booklets issued by the First National Bank of Boston.

The Mahin Advertising Company of Chicago writes us:
Gentlemen:

We recently worked out a campaign for the Pioneer Trust & Savings Bank of Basin, Wyoming, of which the enclosed booklet forms a part. In this booklet we have incorporated several features not ordinarily

Complete perversion of the testator's wishes is very often the case when an individual is named as Executor or Trustee. Inexperience, incompetence, ignorance of the law, and actual dishonesty, are alike disastrous.

The individual seldom has the facilities necessary for the strict accounting required by law. The Trust Department of the Security Trust and Savings Bank maintains a system of accounting which is exact and in conformance with the legal requirements. Our Trust business is under the supervision of the State Bank Examiner.

The individual may die, change his residence, become ill or incapable of performing his duties. The service of the Security Trust and Savings Bank is perpetual—its existence is longer than the years of one man's life. The Security is always to be found at its place of business—it is never absent through sickness—it

never takes vacations. When you appoint our Trust Department as your executor or trustee, you secure not a one-man management, but the combined experience and attention of all the institution's officers and directors.

The individual is usually without experience in the handling of estates and the proper investment of trust funds. The Security is managed, and under the direction of men thoroughly familiar with all the duties required of an executor or trustee, and its investments are regulated by those who must of necessity be familiar with conditions governing their value.

When the Security is named as your executor or trustee, it keeps all the papers and documents relating to the estate in its great Chrome Steel Vault. These vaults are absolutely proof against fire, flood, or earthquake.

found in bank advertising, and thinking you might be interested in it to the extent of reviewing it in your magazine, we are referring same to you.

The advertising for this institution consists entirely of 10 and 14-line advertisements in a number of the leading magazines and weeklies, and the proposition is attracting favorable comment from the financial experts connected with the various publications.

The one-inch magazine copy reads:

The enormous, rapid development of Wyoming makes it safe for us to pay six per cent.—the highest savings bank interest rate—because legal interest rate in Wyoming is eight to twelve per cent. Our stringent banking laws give you the same protection you get at home. Why be content with three to four per cent. when we will pay you six per cent.? Write to-day for booklet, also how to get miniature bank FREE.

The booklet has spaces on its cover

A Woman's Business Affairs

THE woman who is called upon to assume business responsibility --- whether in connection with the care of an estate, investments or insurance --- will find the service of this bank of great assistance.



It is a veritable "Department Store of Finance," rendering responsible service in every fiduciary capacity. Its officers welcome the opportunity to counsel with those unfamiliar with business procedure or perplexed concerning financial affairs.

Commodious Ladies' Room for Women Patrons.

UNION TRUST & SAVINGS BANK

THE MARBLE BANK BUILDING, SPOKANE, WASH.

CAPITAL \$500,000



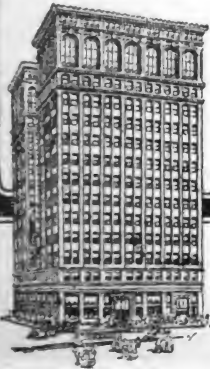
COMMERCIAL CREDIT

COMMERCIAL Credit is a business commodity. It is the main stock in trade of the Old National Bank.

In selling credit the bank exercises the same scrupulous care as the jobber, manufacturer or retailer. It must know, first, that a credit customer has the basis of responsibility.

The first essential to a credit footing at this bank is acquaintance, usually acquired through the maintenance of a checking account.

The Old National Bank
of Spokane
RESOURCES
\$10,000,000



THE DIRECTORS OF THE OLD NATIONAL BANK

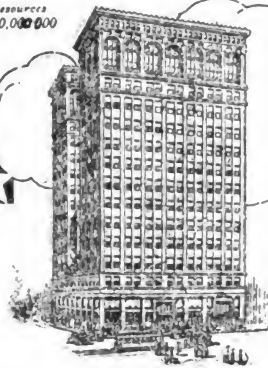
are "directors" in the strongest sense of the word—successful men of affairs who keep in close touch with the policies and management of the institution

Their names are

LEVI ANKENY
F. A. BLACKWELL
J. D. FARRELL
R. B. PORTER
AUGUST PAULSEN
T. J. HUMBERT
THOS. F. WREN
FRED B. GRINNELL

JAY P. GRAVES
P. WELCH
JOHN TWOHY
W. J. C. WAKEFIELD
JOHN D. PORTER
J. P. MCGOLDRICK
W. D. VINCENT
D. W. TWOHY

Reserves
\$10,000,000



MORTGAGES

Q If you contemplate borrowing money on your real estate, come in and talk the matter over with our Mortgage Loan Department.

Q We have money on hand at all times to loan on income-producing farm lands and improved business or residence property, and the work of this department is accomplished without delay or unnecessary "red tape."

Call or write for application blanks and complete information

UNION TRUST & SAVINGS BANK

CAPITAL \$500,000

THE MARBLE BANK BUILDING

SPOKANE WASHINGTON



EXPERT USE OF NEWSPAPER SPACE

for the handwritten address of the recipient and also the signature of Boies C. Hart, president of the bank. The

booklet is full of good matter, and contains some unusual features. One of them is this statement:

The contents of this book have been verified by our directors and a copy of same filed with the State bank examiner of Wyoming.

And the booklet closes with the reassuring statement that there has not been a single bank failure in Wyoming in over ten years.

At the time of the two hundred and twenty-fifth anniversary of the founding of New Rochelle, N. Y., the National City Bank of that city sent out this invitation:

You and Your Friends
are cordially invited
To Visit the Banking Rooms of
THE NATIONAL CITY BANK,
215 Main Street,
During Celebration Week,
June 23rd to 28th, 1913.
8.30 a. m. to 4 p. m.
Also each evening 7 to 9 o'clock.

A register of all visitors will be kept. A souvenir booklet containing handsome Panama views (thirty full page pictures), a sketch of New Rochelle and an outline program of celebration week will be presented to each registering visitor.

Mr. W. J. Kommers, assistant cashier of the Old National Bank of Spokane, Wash., writes:

We enclose for your criticism a number of advertisements taken from a series which we are running in our local newspapers. In the border designs for these ads. we have adopted a new style, featuring our fifteen-story skyscraper in each instance.

We also enclose part of a series of ads.

being run in the papers by the Union Trust and Savings Bank, our allied trust company, the advertising for both banks being handled by the same department.

Trusting that these advertisements may interest you, and with best wishes for the continued success of your valued journal, we remain,

We take pleasure in reproducing some of these advertisements. They speak for themselves. We doubt if any adverse criticism is possible. Good arguments, clearness, display, space, distinctiveness—these are all there in good measure. The advertisements are excellent models to follow.

The People's National Bank of Waynesboro, Pa., booms its home town in the following form letter and cleverly advertises itself at the same time:

My Dear Sir:

Believing you to be interested in Waynesboro, we are enclosing a card containing many interesting facts about our town. This information has been carefully compiled and it will doubtless answer many questions that you desire to know. Should you wish any of these cards to send to out-of-town friends we will be glad to furnish them with envelopes suitable for mailing.

All of us should be more or less concerned in the progress of our town and one way to show our interest is to exercise economy in our homes and in our business, thus helping to reduce the high cost of living. A community in which the people as a whole are thrifty and provident cannot be set back very much in case hard times should come stalking along. We ought to make it a rule of our lives to lay something by for the time when we will probably need it more than we do now.

The Peoples National Bank will help you to do this by keeping your money safely, paying you interest while you are accumulating it and standing ready to give it back to you without a moment's delay whenever you ask for it.

We are the oldest bank in Waynesboro and we have kept well apace with the rapid growth of the town. During its existence the Peoples National Bank has passed through several financial panics, but as it is our policy to carry large surplus reserves we have always been in position to meet the wants of our customers whatever they may happen to be. When periods of depression come you want to be certain that your money is in a safe place.

Very truly yours,
J. H. STONER, Cashier.

Graduates of 1914, Attention!

The Ticonic National Bank of Waterville, Maine

celebrates its one hundredth anniversary next year, and to signalize the event offers the following prizes:

\$50 for the best account of the historical events of the year 1814,
\$25 for second best account,
\$10 for third best.

The competition is open to all pupils of high and preparatory schools in Kennebec and Somerset Counties who are to graduate in 1914.

The winning article will be printed in the Bank Almanac for next year.

For particulars write H. D. Bates, Cashier, Waterville, Me.

TRANSATLANTIC MAIL SCHEDULE

Giving sailing dates and other data concerning mail steamers sailing from New York during

JULY, 1913

This schedule is subject to change without notice.

MAIL CLOSSES	DATE OF DEPARTURE	STEAMER	VIA	DATE OF PROBABLE DISTRIBUTION IN		
				LONDON	PARIS	BERLIN
6.30 A.M. Tues. 1	Tues. 1	Kronp. Wilhelm	Ply., Cher. & Bre.	Tues. 8	Tues. 8	Wed. 9
9.30 P.M.	Wed. 2	Mauretania	Fishguard	" 8	" 8	" 9
5.30 A.M.	" 2	Kaisn. Aug. Vict.	Cher., So. Hamp. & Hamb.	Wed. 9	Thurs. 10	Fri. 11
7.00 "	Thurs. 3	Bremen	Ply., Cher. & Bre.	Sat. 12	Sat. 12	Mon. 14
7.00 "	" 3	La Savoie	Havre	Fri. 11	Fri. 11	Sat. 12
6.30 "	Sat. 5	Olympic	Plym. & Cher.	Sat. 12	Sat. 12	Mon. 14
6.30 " Tues. 8	Tues. 8	Kronp. Cecile	Ply., Cher. & Bre.	Tues. 15	Tues. 15	Wed. 16
9.30 P.M.	Wed. 9	Campania	Queens. & Fishg'd	Wed. 16	Wed. 16	Thurs. 17
7.00 A.M.	Thurs. 10	La Provence	Havre	Thurs. 17	Thurs. 17	Fri. 18
6.30 "	Fri. 11	Philadelphia	Plym. & Cher.	Mon. 21	Mon. 21	Mon. 21
6.30 "	Sat. 12	Geo. Washington	Ply., Cher. & Bre.	" 21	" 21	Tues. 22
8.30 "	" 12	Majestic	Plym. & Cher.	" 21	" 21	Mon. 21
6.30 "	Tues. 15	Kais. Wilh. d. Gr.	Ply., Cher. & Bre.	Tues. 22	Tues. 22	Wed. 23
6.30 "	Wed. 16	Caronia	Queens. & Fishg'd	Fri. 25	Fri. 25	Sat. 26
7.00 "	Thurs. 17	La Lorraine	Havre	" 25	Thurs. 24	Fri. 25
6.30 "	Fri. 18	New York	Plym. & Cher.	Sat. 26	Sat. 26	Mon. 28
6.30 "	Sat. 19	Imperator	Ply., Cher. & Hamb.	" 26	" 26	" 28
8.30 "	" 19	Oceanic	Plym. & Cher.	Mon. 28	Mon. 28	" 28
6.30 " Tues. 22	Tues. 22	Kais. Wilh. II	Ply., Cher. & Bre.	Tues. 29	Tues. 29	Wed. 30
9.30 P.M.	Wed. 23	Mauretania	Fishguard	" 29	" 29	" 30
5.30 A.M.	" 23	Amerika	Cher., So. Hamp. & Hamb.	Thurs. 31	Thurs. 31	Fri. Aug. 1
7.00 "	Thurs. 24	France	Havre	Fri. Aug. 1	" 31	" 1
6.30 "	Fri. 25	St. Paul	Plym. & Cher.	Mon. 4	Mon. Aug. 4	Mon. 4
6.30 "	Sat. 26	Pr. Fr'd Wilh.	Ply., Cher. & Bre.	" 4	" 4	Tues. 5
6.30 "	" 26	Olympic	Plym. & Cher.	Sat. 2	Sat. 2	Mon. 4
6.30 "	Tues. 29	Kronp. Wilhelm	Ply., Cher. & Bre.	Tues. 5	Tues. 5	Wed. 6
7.00 "	Thurs. 31	La Savoie	Havre	Fri. 8	Fri. 8	Sat. 9

MONEY- FOR TRAVELERS

It is very important that the foreign traveler should have a safe, yet convenient method for carrying his money. Our Travelers' Checks and Travelers' Letters of Credit meet this demand, for they are safe, convenient, and can be cashed in any part of the world, and their cost is very small. They are furnished in handy little leather cases like pocketbooks, and are self-identifying.

Guaranty Trust Company of New York

Fifth Avenue Branch:
5th AVE. & 43rd STREET

140 Broadway

London Office:
33 LOMBARD STREET, E.C.

This institution's publicity manager, Mr. F. W. Ellsworth, believes in making the advertisement fit the medium, so in this very handy monthly transatlantic mail schedule, he uses an advertisement of travelers' checks and letters of credit.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and other changes.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.
 Henry M. Lester, National City Bank, New Rochelle, N. Y.
 R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.
 Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
 H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
 Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.
 C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.
 Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.
 F. W. Ellsworth, Publicity Manager, Guaranty Trust Co., New York.
 T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
 J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
 W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
 W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.
 W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.
 George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.
 H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.
 E. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.
 The Franklin Society, 38 Park Row, New York.
 C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
 W. O. Boozer, treasurer, American Trust Co., Jacksonville, Fla.
 John R. Hill, Barnett National Bank, Jacksonville, Fla.
 W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
 E. A. Hutton, cashier, First National Bank, Del Rio, Texas.
 A. A. Ekirch, secretary, North Side Savings Bank, New York City.
 E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
 C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
 C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
 A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 W. E. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 C. W. Beerbower, National Exchange Bank, Roanoke, Va.
 B. P. Gooden, adv. mgr., New Netherland Bank, New York.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.
 W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
 Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.
 B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.
 Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.
 Germantown Ave. Bank, Philadelphia, Pa.
 J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
 Union Trust Co. of the D. C., Washington, D. C.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
 Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.
 Commercial Bank, Midway, Kentucky.
 J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
 R. H. Mann, The Bridgeport Trust Co., Bridgeport, Conn.
 A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
 Dexter Horton National Bank, Seattle, Wash.
 Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.
 L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
 Nebraska State Bank, Ord, Neb.
 Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.
 H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
 J. T. Donnellan, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.
 C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 J. C. Eherspracher, assistant cashier, First National Bank, Shelbyville, Ill.
 F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.
 Paul T. Schuize, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
 F. R. Adams, Will Co. National Bank, Joliet, Ill.
 A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
 T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
 Victor F. Hann, Mgr. Publicity Dept., The Fifth Avenue Bank, New York City.
 H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.
 Wersels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.

NEW NAMES THIS MONTH

Jas. P. Gardner, Hanover National Bank, New York City.
 First National Bank, Lead, S. D.
 H. Reed Copp, Asst. Adv. Mgr., Old Colony Trust Co., Boston, Mass.
 H. C. Berger, Marathon County Bank, Wausau, Wis.



Will Exchange on Request

Gentlemen:

I shall be very glad to exchange bank advertising copy with any of your readers on request.

Trusting to be of service to you, in any way I can, believe me,

Faithfully,

VOILEY B. LEONARD.

Houston Chronicle, Houston, Texas.

The New San Francisco

A Record of the Banking and Commercial Development of the Capital of the West

BY FRANK C. MORTIMER, CASHIER THE FIRST NATIONAL BANK, BERKELEY, CAL.

SAN FRANCISCO has been built anew. The work of reconstruction has been going on for seven years and to-day the city by the Golden Gate is the newest, brightest, and altogether the most modern city of the world.

From the devastating and destroying

tion of new buildings, but required the removal of all this debris, and the making over of many streets and sidewalks.

A NEW CITY.

The spirit of optimism and determination, so characteristic of Californians, did not forsake the people and the work of creating a new city began almost before the ashes were cold.

To-day the streets are lined with lofty buildings of brick, tile and stone, towering in the air ten to sixteen stories in height. The new buildings



FIRST NATIONAL BANK, SAN FRANCISCO

forces which rent the city on the memorable day in April, 1906, the recovery has been rapid and complete.

On the third day following the earthquake and fire there was an area of smouldering ruins covering 2,593 acres, or 4.7 square miles, with a total number of 28,188 destroyed buildings.

The burned district was a mass of crumbled brick and stone and twisted steel. The task of reconstruction, therefore, included not only the erect-



CROCKER NATIONAL BANK, SAN FRANCISCO



BANK OF CALIFORNIA, SAN FRANCISCO

are beautiful in architectural design. They appear fresh and bright in their splendor. Most of them are imposing in appearance, well placed, abundantly lighted and thoroughly equipped with modern conveniences. Among them may be seen the largest reinforced concrete building in the world, facing Market street, the main thoroughfare of the city. The streets are well paved, brilliantly lighted and thoroughly clean.

The prompt payment of a large part of the insurance loss was the salvation of the city, although local capital was an important factor in the reconstruction.

From April 18, 1906, to April 18, 1913, the new building operations totaled \$283,500,000.00. From 1905 to the close of 1912, the figures for private building contracts as officially compiled are as follows:

Building Operations.

1905.....	\$20,111,861.00
1906.....	39,254,467.00
1907.....	50,499,499.00
1908.....	35,128,549.00
1909.....	30,411,196.00
1910.....	22,873,942.00
1911.....	24,495,168.00
1912.....	26,369,006.00

The year 1912 shows a gain of 7.2 per cent. over the previous year, which does not include municipal building operations, amounting to \$7,430,790.00 in the last three years.

These figures are the fourth largest in the United States for 1912. It is estimated that the sum raised locally for new buildings aggregates \$205,000,000 during the last six and one-half years, the total for new buildings during that period being \$277,000,000.

THE FIFTH WEALTHIEST CITY.

The wealth of the city may be more readily appreciated when one views these large figures and at the same time takes into consideration the fact that of the eleven principal cities in the United States San Francisco enjoys the lowest percentage of mortgage indebtedness on real estate. According to figures supplied by a reliable authority the mortgage debt on all real estate in the city is \$128,000,000 or eighteen per cent. of the actual value of the property.

It is the fifth wealthiest city in the country and the wealthiest on the Pacific Coast, the assessed valuation per capita being \$1,308.24.



MERCHANTS EXCHANGE BUILDING—HOME OF AMERICAN NATIONAL BANK.
SAN FRANCISCO

The present mayor of the city, James Rolph, Jr., is a fine type of the politically clean, active, aggressive American citizen. A banker himself, he has taken hold of the affairs of the mu-



WELLS FARGO NEVADA NATIONAL BANK,
SAN FRANCISCO

nicipality in a manner that indicates no other result than a satisfactory administration of the office which he dignifies. He is receiving the hearty support and coöperation of honest citizens from every walk in life, and he has succeeded, more than any one man, in restoring the good name of the city. In this and his other work, the present mayor has the confidence and active support of the people as a whole.

A SAFE PLACE TO LIVE.

Occasionally one hears an expression of opinion regarding the danger of living in San Francisco on account of the "frequent earthquakes." These fears may be effectively dispelled when

all the facts are known. San Francisco was not destroyed by earthquake. Fire was the agency of destruction, which could have been effectively stopped had not the water mains broken in the marshy land near the city, cutting off the water supply.

Mr. John P. Young, the veteran authority on San Francisco, in his comprehensive History of San Francisco, says that the city "despite its spectacular experience is safer than any other on the globe. It has never experienced a destructive wind-storm; it does not know the horrors of a blizzard; it absolutely escapes the decimating effects of extreme summer heat; lightning is a phenomenon so rare that years often pass without a flash being seen by its inhabitants, and such a thing as a flood is unknown. As a matter of fact, the inquiries of the geological survey and other scientists have absolutely determined that there is no natural visitation to which San Francisco is subject, the evil consequences of which cannot be wholly averted, or at least reduced to a minimum; for their researches have shown that proper construction and adequate protection against fire make the city practically immune from disaster."

It is not to be wondered at, therefore, that the people of San Francisco have confidence in their city: in its permanency and stability and have backed their faith with millions of dollars.

POPULATION ON THE INCREASE.

San Francisco is the eleventh city in size in the United States. The present population and the figures for eight preceding years are shown herewith.

Population.

1905 (estimated).....	450,000
1906 (estimated by Gen. Greely after the fire).....	175,000
1907 (estimated).....	300,000
1908 ".....	350,000
1909 ".....	375,000
1910 (U. S. Census).....	416,912
1911 (estimated).....	430,000
1912 (based on school attendance)	462,560
1913 (estimated on figures of public service corporations).....	530,000

Under date of June 1, 1913, the San Francisco Chamber of Commerce issued a special bulletin to members containing this interesting information concerning the city's population:

"According to the figures of the transportation companies, 50,000 commuters come to San Francisco daily. In addition, San Francisco has a very large transient population in her more than 2,000 hotels and apartments that do not figure in a census. Together these bring the total day population of the city up to over 600,000."

San Francisco is a pleasant place in which to dwell. There are thirty-two parks and public squares, the area of which amount to 4.7 per cent. of the city's total area of forty-six and one-half square miles. The average winter temperature is fifty-one degrees. The lowest temperature ever officially recorded is twenty-nine degrees above zero. In summer the average temperature is fifty-nine degrees. The air is bracing and invigorating and conducive to the best physical and mental effort.

Reports from the weather bureau discloses the interesting information that San Franciscans enjoy more hours of sunshine than Boston, New York, Philadelphia, Chicago, Pittsburgh or St. Louis. Flowers bloom the year 'round and may be purchased for a few cents on the street corners, or in the floral stores every day in the year.

THE WONDERFUL HARBOR.

The magnificent land-locked harbor invites the shipping of the world. San Francisco Bay is from four to ten miles wide and sixty-five miles long with a shore line of 231 miles. Its entrance is the Golden Gate, one mile wide at its narrowest point. From the picturesque cliffs may be seen the great ocean liners and other vessels carrying their cargoes to and from foreign and domestic ports. For the year 1912 shipping arrivals totaled 6,768,276 tons, exceeding 1911 by 10.8 per cent. Imports were \$62,744,188 in 1912, and these figures give the city fifth place in the United States in imports by sea.



ANGLO AND LONDON PARIS NATIONAL BANK, SAN FRANCISCO

Exports of domestic goods amounted to \$54,707,850 during 1912 and rose twenty-six per cent. over 1911, giving the city eighth place. There are extensive docks under control of the State of California. The docking space extends over five miles along the bay frontage of the city.

employing 6,116 salaried officials and clerks and 28,239 wage-earners. The amount paid in salaries and wages is given as \$30,467,000 and the value of products at \$133,041,000, with invested capital of \$133,760,000, a gain of thirty-one per cent. over 1904.

San Francisco is an ideal location for



MERCANTILE TRUST COMPANY AND MERCANTILE NATIONAL BANK, SAN FRANCISCO

The available waterfront is eight miles, with a total frontage of thirteen miles. A State bond issue of \$10,000,000 is now being expended in improvements on the waterfront.

MANUFACTORIES.

In manufacturing the city ranks eleventh in the United States, according to statistics compiled under the United States census of 1909. The number of establishments is given as 1,796, em-

manufacturing. With facilities for shipping by rail and water, and with the market of the Orient before her, the city cannot but grow in size and importance for no other reason than that the natural advantages of location, climate and market make gain possible.

MUNICIPAL FINANCES.

The bonded debt, per capita, on January 1, 1913, was \$59. The city has a



HIBERNIA SAVINGS AND LOAN SOCIETY, SAN FRANCISCO

lower percentage of bonded debt to assessed valuation than any larger city in the United States.

Assessed Values.

Year.		Tax Rate: 6 Per Cent. Valuation.
1905.....	\$524,230,946	1.164
1906.....	376,138,742	1.164
1907.....	429,632,843	1.322
1908.....	454,332,820	1.50
1909.....	492,330,185	1.60
1910.....	515,027,164	1.647
1911.....	545,057,401	2.00
1912.....	605,141,664	2.094

Bonded Indebtedness.

1905, July 1.....	\$4,673,600
1906, ".....	4,568,600
1907, ".....	4,296,600
1908, ".....	3,865,600
1909, ".....	12,576,300
1910, ".....	16,263,500
1911, ".....	18,800,200
1912, Jan. 2.....	19,835,100
1913, Jan. 1.....	27,331,300

MUNICIPAL IMPROVEMENTS.

To guard against a future catastrophe the city began the construction of an auxiliary water supply system. To-day it is effectively protected by sev-

enty-two miles of pipe in connection with the high-pressure system. There are eighty-six fire cisterns, each with a capacity of 75,000 gallons, and fireboats equipped with the latest and most effective pumping machinery.

Two large storage reservoirs have been erected, at great cost, on the hills, 755 feet above sea level, having a capacity of 10,000,000 gallons, and in addition there are two distributing reservoirs, each with a capacity of 1,500,000 gallons. Salt-water pumping stations will reinforce the supply. Municipal bonds to the amount of \$5,200,000 were voted for these purposes.

A new sewerage system is to cost \$4,000,000, and a garbage disposal plant will cost another round million. A new City and County Hospital and several new schools will cost, in the aggregate, about \$7,600,000. A new million-dollar Hall of Justice has just been completed.

On March 28, 1912, the loyal citizens of this progressive city voted another \$8,800,000 in bonds for a civic center and new city hall. It is expected that these public buildings, which

will include not only the city hall, but an auditorium, State building and library, will make one of the finest groups of public buildings to be seen anywhere.

FINANCING THE EXPOSITION.

At a meeting held in the rooms of the Chamber of Commerce, within the

memorate a contemporaneous event, and in keeping with this, all exhibits will reflect the life and industries of to-day. Nothing will be allowed to antedate 1905, with the possible exception of loaned art collections.

The exposition will open on time, February 20, 1915, and will close December 4, 1915. It will cover 625 acres



THE FIRST NATIONAL BANK, BERKELEY, CALIFORNIA, AND THE BERKELEY BANK OF SAVINGS AND TRUST COMPANY; AFFILIATED BANKS

short time of two hours, the sum of \$5,000,000 was subscribed by the zealous and enthusiastic citizens for the purpose of assisting in launching the Panama-Pacific International Exposition.

This wonderful exposition will com-

and it is estimated that \$80,000,000 will be involved in its making.

In architectural splendor, and electrical display it will surprise the world by its surpassing beauty.

The director of the Division of Exploitation has furnished the following:

Statement of Financial Resources of the Panama-Pacific International Exposition.

Subscription of Citizens—Signed.....	\$6,107,330	
“ “ “ —Pledged.....	1,453,350	Total practically \$7,500,000
Appropriation by City—Bonds voted.....		5,000,000
Appropriation by State—Authorized tax levy.....		5,000,000
Total initial fund		\$17,500,000
Expenditures by Exposition Company in operation and closing.....		\$7,000,000
Appropriation by Counties of State of California (estimated).....		2,000,000
Expenditures by various States of United States (estimated).....		8,000,000
Expenditures by foreign Governments (maximum estimate).....		10,000,000
Appropriation to be made by Congress for Government exhibit (minimum estimate)		1,000,000
Cost to individual exhibitors and maintenance of installation of exhibits (estimate based on previous expositions)		25,000,000
Expenditure by concessionaires on installation, equipment and operation (estimated)		10,000,000
Total		\$80,500,000

STOCK AND BOND TRANSACTIONS.

The Stock and Bond Exchange is located in the Merchants Exchange Building in the financial district. There are two sessions daily.

Transactions on the exchange rank third in the United States; the activity of the San Francisco exchange being exceeded only by New York and Baltimore.

The Stock and Exchange Board in Bush street holds two formal and two informal sessions daily. Here oil and mining shares are dealt in extensively.

In the Exchange room of the Chamber of Commerce, wheat, oats, barley and other cereals are bought and sold at two daily sessions. An efficient and effective grain inspection service is maintained, which protects buyer and seller and establishes standard prices.

FINANCIAL CENTER OF THE WEST.

The combined resources of the thirty-seven banks and nine branch banks located in the city, on June 4, 1913, amount to the vast total of \$500,486,818.29

The aggregate deposits of these banks on that date show the large sum of \$384,158,907.89.

The total capital surplus and undivided profits are \$81,717,106.92.

These totals indicate a healthful and

satisfactory growth during the period of reconstruction and indicate conclusively the commercial and banking supremacy of the city.

There has been a net gain of \$94,000,000 in banking resources during six years following the fire. Deposits have gone up \$81,000,000. The city is now fifth in banking power in the United States.

BANK CLEARINGS GROW.

During 1912 the bank clearings were the largest in the history of the city. The figures, as reported by the manager of the clearing-house, were \$2,677,561,952, and indicate an increase of 10.32 per cent. over 1911.



THE MISSION BANK, SAN FRANCISCO

San Francisco's clearing-house figures clearly indicate the relative position of the city in the banking field. The aggregate clearings, during 1912, of Los Angeles, Portland, Seattle, Oakland and San Diego were \$2,690,516,590 or about the same as San Francisco alone. This city occupies eighth place in bank clearings among the cities of the United States.

Bank Clearings.

1905	\$1,834,549,788
1906	1,998,400,779
1907	2,133,882,625
1908	1,757,151,850
1909	1,979,872,570
1910	2,323,772,871
1911	2,427,075,543
1912—8th in the U. S.	2,667,561,952

COMPARISON OF BANKING STRENGTH.

Mr. Russell Lowry, vice-president of the American National Bank of San Francisco, has compiled the accompanying figures showing the comparative position of San Francisco in the Western financial field, as published in the "Financial Letter" of the American National Bank under date of July 25, 1913.

"The financial supremacy of San Francisco is again shown by the statements of June 4, at which time both national and State banks reported their assets and liabilities. The relative strength of this city as a banking center is apparent from the following comparison of banking strength.

	Capital, Surplus and Undivided Profits.	Deposits.	Ratio of Capitalization to Deposits. (Per Cent.)
San Francisco	\$83,012,722	\$376,127,000	22
Los Angeles	26,815,668	177,905,000	15
Portland	13,281,509	74,333,000	17.8
Seattle	11,426,235	81,665,000	14
Oakland	8,714,719	53,316,000	16.3
Spokane	6,640,872	31,427,000	21
Tacoma	3,428,664	21,989,000	15.5

On June 4, 1913, Postal savings deposits amounted to \$161,282.03.

SAVINGS BANKS

Date	Resources.	Deposits.
1905—January 5	\$172,180,930.58	\$160,026,863.15
1905—December 30	182,355,427.24	169,538,244.13
1906—December 31	175,309,224.27	160,965,128.50
1907—December 28	163,665,016.09	147,095,374.49
1908—December 21	150,876,046.63	134,454,584.40
1909—November 16	168,665,975.40	162,353,933.62
1910—October 10	175,088,722.87	158,986,196.59
1911—November 10	186,758,809.87	168,744,339.61
1912—August 14	200,501,961.85	185,004,093.41
1913—June 4	204,801,089.68	186,208,121.12

The number of savings depositors on August 14, 1912, were 256,083.

COMMERCIAL BANKS.

Date	Resources.	Deposits.
1905—December 30	\$131,409,473.26	\$80,874,847.38
1906—December 31	157,156,723.44	101,901,692.88
1907—December 28	130,631,194.27	70,224,725.20
1908—December 21	116,096,094.80	63,645,250.44
1909—November 16	116,694,820.91	65,085,266.26
1911—January 7	57,380,449.73	35,175,904.42
1912—August 14	61,510,057.28	47,585,007.41
1913—June 4	61,102,236.84	46,290,959.38

The number of depositors in State commercial banks on August 14, 1912, was 37,668.

NATIONAL BANKS.

Date	Resources.	Deposits.
1905—January 11	\$61,008,181.39	\$22,463,816.12
1906—January 29	98,091,160.80	36,954,152.28
1907—December 3	98,451,612.88	31,502,547.98
1908—November 27	115,363,458.23	42,267,043.70
1909—November 16	142,980,426.21	54,265,802.25
1911—January 7	211,670,933.67	82,218,852.18
1912—June 14	229,003,000.00	149,082,000.00
1913—June 4	224,729,157.17	143,607,853.99

"It will be observed that the capitalized strength of the San Francisco banks exceeds that of all the other cities of the Pacific Coast combined; and that the ratio of capital to deposit liabilities is greater in San Francisco than in any of the neighboring cities."

PRIDE IN THE CITY'S ACHIEVEMENTS.

San Francisco's citizens are justly proud of the achievements briefly outlined above. The remarkable growth

in the face of adverse circumstances has taken place because the very location of the city demands a large metropolis.

The figures tell a wonderful story of progress and development. San Francisco is magnificent in her splendor. She is triumphant in her success over almost insurmountable obstacles, and to-day stands as a fine tribute to the determination and energy of her people.

The new San Francisco is the Eighth Wonder of the World.

National Bank's Investment in Bonds

COMMENTING on a recent bank failure where more than twice the capital was invested in "stocks, bonds, securities, etc.," Mr. Geo. M. Coffin, formerly Deputy and Acting Comptroller of the Currency, writes to the New York "Times."

The writer has steadfastly maintained that commercial banks like the national banks pursue the wrong policy when they make such investments, and has gone further and questioned the legality of such investments.

Section 5,136 of the Federal law grants a national bank the power to "buy and sell exchange, coin and bullion" and to "discount and negotiate promissory notes, drafts, bills of exchange and other evidences of debt,"

and presumably other short-time "evidences" of the same kind.

The power to "buy and sell" was limited to specific things, not including bonds, yet under this power to "discount and negotiate evidences of debt," they have been permitted to "buy" "bonds, securities, etc.," to the amount of \$1,040,000,000, or a sum equal to their entire capital stock. This question has never been adjudicated by the United States Supreme Court, but it is most probable that if before 1908, when the currency act of that year began its life of innocuous desuetude, the matter had come before that court for decision, it would have declared that the purchase of bonds other than United States bonds by a national bank was "ultra vires."

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

A Progressive Southern Bank's New Home

THE Mercantile Bank of Memphis, Tenn., has placed itself in line with those banks believing in a modern building as a profitable investment. As the bank in question has accumulated a large surplus fund, its decision in this matter was rendered easy of accomplishment.

Illustrations on accompanying pages show the character of the new structure very completely, but a brief description of it will not be out of place.

It is of fireproof construction, with steel beams and columns and concrete floor arches, iron stairs and fireproof windows,

and covers an area of twenty-five by seventy-four feet, with basement, first, gallery and directors' room floors.

The upper floors are reached by an automatic elevator in addition to the stairs. The banking room occupies the entire rear of building plot to the height of thirty-eight feet for a greater portion of the room. It is amply lighted and ventilated by five large skylights, under which are leaded glass ceiling lights of artistic design. Side and front windows also contribute toward giving a fully and naturally lighted banking room.

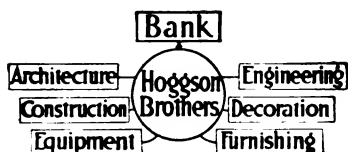
The walls of the room are faced with Botticino marble to a height of about twelve feet above the floor. The floor and steps from the vestibule, as well as the stairs leading to the safe deposit department in the basement, are also of marble. The counterscreen is also of similar marble with cast bronze grilles above. The walls of the banking room above the marble are finished with pilaster treatment and appropriately decorated. The gallery is arranged for and occupied by the working force. In the basement is the safe deposit department, with an ample supply of coupon booths; conveniently situated to these is the ladies' room with a retiring room; committee and clerks' toilet rooms are also located in the basement. The entrance to the safe deposit department is protected by heavy steel grille and gate beyond which is a 125-ton security vault with a fourteen-ton entrance door and frame and a six-ton emergency door, all of which are equipped with the latest design in time locks, electric protection and other modern devices to assure absolute protection. The vault walls are built of concrete embedded in which are heavy steel rails with steel lining on the inside. The vault is designed and built so that by switching on electric lights every wall and floor portion of the vault becomes visible; any attempt, therefore, at forcing an entrance may immediately be observed. The vault has an ample supply of the latest type of safe deposit boxes and also includes a large storage vault protected by an eight-inch fire and burglar proof door. A custodian is in constant attendance at the safe deposit department.

The mechanical equipment of the building is modern in all respects. The interior throughout is richly decorated and finished



MERCANTILE BANK, MEMPHIS, TENN.

The shock absorber of building worries.



We Build from
Coast to Coast

When a new bank building is planned, what usually happens?

Much of the banker's valuable time is taken up with building worries.

Those worries are part of *our* business. We take all responsibility. The bank building is delivered exactly as planned, on the date specified,—lacking but one thing—worry.

Write for book - The Hoggson Single Contract Method.

HOGGSON BROTHERS

7 East 44th St. : New York City

National Shawmut Bank Building : Boston

First National Bank Building : : Chicago

A NOTABLE BOOK

The Economic Causes of Great Fortunes

By ANNA YOUNGMAN

This is a thorough study of this important subject. Miss Youngman, who is connected with the department of economics at Wellesley College, has given her subject careful study and close research. Her book will be read with interest and profit by all students of economic subjects.

The New York "Times" said editorially: "There is nothing feminine about this book. Dr. Youngman may take her seat beside Ida Tarbell, who knows how to impress herself upon her times even without voting."

"The Nation", May 12, 1910, said: "Marked by intellectual balance in discussion and judicial care in the statement of facts."

The book is issued in attractive and readable form, making a volume of 200 pages, bound in red cloth, with title in gold. The price is \$1.50 net.

THE BANKERS PUBLISHING COMPANY

258 Broadway

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New York City



Main Corridor, 43 Exchange Place, New York City

Read what the manager says about this “Dreadnought” Floor.

WALL STREET EXCHANGE BUILDING ASSOCIATION

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ALSO ENTRANCE 37 WALL STREET

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WM. B. HOOPER, MANAGER

October 16, 1912.

Dreadnought Flooring Co.,
27 Pine Street,
New York City.

Gentlemen:

In regard to the Dreadnought Flooring placed in the main hallway of this building about eight months ago, beg to say that we are entirely satisfied, in fact, we are convinced that it is superior to any flooring on the market to-day.

There are about twenty thousand people passing over this floor daily; and in the past eight months it has shown absolutely no wear. It is soft to the feet, does not show dirt as other composition floors we have had, and is cleaned in one-third of the time. It has no odor, and it is with pleasure that we write you of the merits of your floor.

Yours very truly,

WALL STREET EXCHANGE BUILDING ASSOCIATION.

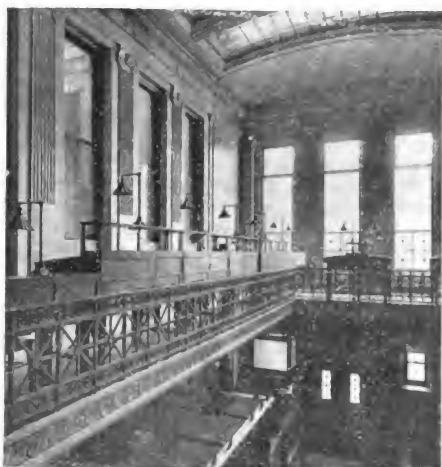
WM. B. HOOPER

Samples and Catalogues on Request

DREADNOUGHT FLOORING COMPANY
30 East 42d Street, New York



APPROACH TO BANKING FLOOR



BALCONY, LOOKING TOWARD FRONT



VIEW OF BANKING ROOM FROM FRONT



A CORNER IN THE DIRECTORS' ROOM, ON MEZZANINE



LADIES' RETIRING ROOM



BOOKKEEPING DEPARTMENT ON BALCONY

in mahogany and oak cabinet finish. In architectural treatment the exterior design is characteristically Grecian, faced with gray marble; the main entrance doors are of solid bronze.

Egerton Swartwort, New York City, was the architect and the building was designed, built and equipped under a single contract with Hoggson Brothers, New York.

In constructing this new and appropriate home the Mercantile Bank has followed

a policy of progress fully justified by its earning power and growth since the commencement of business in 1883. With \$200,000 capital, the bank has \$100,000 surplus and undivided earnings of about \$25,000. Deposits are approximately \$1,600,000.

The officers of the Mercantile Bank of Memphis are: President, C. H. Raine; first vice-president, J. M. Fowlkes; second vice-president, Hon. Luke E. Wright; cashier, Claude Anderson.

FOREIGN BANKING AND FINANCE

European

NEW CHAIRMAN OF THE LONDON CLEARING BANKS

AT a recent meeting of the committee of the London clearing banks Sir Felix Schuster, heretofore deputy chairman, was chosen chairman to succeed the late Lord Avebury, and Viscount Goschen was elected deputy chairman.

MORE BANK MERGERS

TWO banks were recently absorbed by the London City & Midland Bank. The banks taken over are the Sheffield & Hallamshire and the Lincoln & Lindsey. As reported in "The Economist" of London, the figures for each of the banks concerned, and in combination, were as herewith shown on the dates named:

By the arrangements for the purchase of the capitals of the two banks the paid-up capital will be reduced by £103,200, such economy being made possible by the higher premium of the shares of the London City and Midland Bank. The Sheffield and Hallamshire Bank was founded in 1836, the same year as the London City and Midland, and the Lincoln and Lindsey in 1833. Should the City and Midland no more than retain the deposits of the two banks, the combined total of deposits on the basis of last balance-sheet figures will only be exceeded by those of Lloyds Bank. The paid-up capital will be exceeded by no English joint-stock bank, excepting, of course, the Bank of England. The last amalgamation of importance by the London City and Midland was the acquisition of the Bradford Banking

	London City and Midland, Dec. 31.	Sheffield and Hallamshire, June 30.	Lincoln and Lindsey, June 30.	Combined.
Paid-up Capital	£3,989,237	£300,000	£162,628	£4,348,650
Deposits	83,664,327	1,875,031	1,742,331	86,981,689
Discounts, Loans and Advances..	56,902,516	1,716,171	1,103,861	59,722,548

Commenting on this merger, "The Economist" says:

Company in 1910. The success of the City and Midland in this double trans-



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INTERNATIONAL BANKERS
New York • Leipzig

Banco Central Mexicano

CITY OF MEXICO, MEXICO, D. F.

Established 15th February, 1899

Capital
\$30,000,000

Reserve Fund
\$7,500,000

BANKING BUSINESS TRANSACTED IN ALL ITS BRANCHES.

ORDERS for Sale and Purchase of Securities in Mexico Executed.

COUPONS AND DIVIDENDS paid for Municipalities, Corporations and Mines.

CASH BONDS Issued for \$100, \$500 and \$1,000 without coupons, payable at six months, besides Cash Bonds payable at twelve, eighteen and twenty-four months with half-yearly coupons, both kinds bearing interest at the rate of 5% per annum.

The CASH BONDS are a first lien on

the assets of the bank, second only to Government Deposits and prior to those of Depositors. The law requires the bank to hold as security against these bonds an amount equal to the total issue either in cash, gold or silver bullion, readily negotiable securities or Government Bonds.

E. C. CREEL, President

LIC. JOAQUIN D. CASASUS, Vice-President

F. PIMENTEL y FAGOAGA, Manager

J. SUTCLIFFE, Sub-Manager

RAFAEL ICAZA y FLORES, Comptroller

F. KLADT, Sub-Manager

J. M. ROBLES, Cashier

Banco Mexicano de Comercio é Industria

Established 1906

CITY OF MEXICO

Capital fully paid up - \$10,000,000.00

Reserve, earned - - - 765,000.00

FOREIGN AND DOMESTIC BANKING

FOREIGN Exchange. Commercial Credits. Cable transfers. Letters of Credit payable throughout the world. Securities bought and sold on commission. Receives accounts of Banks, Bankers, Corporations, Firms and Individuals, on favorable terms. Collects drafts drawn abroad on all points in the United States of Mexico, and drafts drawn in the United States of Mexico on foreign countries.

Will act as agents in the transaction of any approved financial business.

AGENTS AND CORRESPONDENTS

in all parts of the United States of Mexico, the United States of America, Europe, Asia, Africa, Australia, Central and South America and the West Indies

BANK OF HAVANA

Capital, \$1,000,000

New York Committee

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ALVIN W. KRECH

JAMES H. POST

Directorate in Havana

Officers

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JOSÉ I. DE LA CÁMARA,

SEBASTIÁN GELÁBERT,

Vice-President

Managing Director

CARLOS I. PARRAGA, Secretary

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EUSEBIO ORTIZ TORRES

Acts as Cuban Correspondent of American banks and transacts a general banking business in

— C U B A —

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$363,000.00

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

action will probably increase the keenness of the London banks to secure control of the few remaining independent provincial banks. The more important of these, however, have steadfastly declined the advances made to them from time to time.

HIGH RECORD FOR LONDON BANK CLEARINGS

FOR a recent week the London bankers' clearings reached the record total of £425,992,000. This large figure is in part due to the special settlements at the close of the half-year, but is nevertheless regarded as remarkable, especially in view of Stock Exchange dullness.

GERMAN BANKING IN THE LEVANT

A REPORT issued by the German Orient Bank, Berlin, discloses \$288,000 net profit against \$299,000 the previous year, and proposes a dividend of five per cent. as before. The nominal capital is \$7,616,000 and the paid-up capital \$4,760,000. It is stated that the fact that the Turkish branches were able to show satisfactory results is due largely to trade in Asia Minor having been quite undis-

turbed by the Balkan war, and indeed the bank has been able to extend the scope of its activity in these districts. Even the branches in Turkey in Europe have not experienced heavy losses, for great caution has been exercised there in commercial matters generally since the outbreak of hostilities, while those classes of the population most directly affected by the war are not closely interested in the real business life of the country. Egyptian trade conditions continue to make decidedly satisfactory progress. The last cotton crop, with the good prices obtained, was one of the best experienced in the country. Every satisfaction is expressed at the financial results of the Morocco branches.

NEW CURRENCY FOR GREECE

THE National Bank of Greece has received sanction to issue a further 25,000,000 francs (\$4,825,000) in bank notes, with the stipulation that at least 5,000,000 francs (\$965,000) of it is to be issued in 20-drachma gold pieces, if so desired by the Greek Government. The cost of procuring, minting and issuing the 20-drachma coins is to be borne by the National Bank, but the Greek Government will pay the cost of designs and molds for the new coinage.

THERE ARE THREE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

M. Garcia Fravel, Manager.

CORRESPONDENCE IS INVITED

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A. MEXICO, D. F.

President—**F. PIMENTEL Y FAGOGA**

1st Vice-Pres.—**P. MACEDO**

2nd Vice-Pres.—**LUIS BARROSO ARIAS**

Australasian

BANK OF ADELAIDE

IN the absence of A. G. Downer, chairman of the board of directors, James Harvey presided at the annual meeting of the shareholders of the Bank of Adelaide, held at the head office, King William street, Adelaide, May 7.

Mr. Harvey, in moving the adoption of the report and balance sheet, said it would be seen from the figures that the operations for the year had enabled the board to recommend the pay-

ment of a dividend at the rate of ten per cent., and the augmentation of the reserve fund by £30,000, bringing it within £10,000 of the amount of the paid-up capital.

In 1912 the deposits were £3,268,000, in 1913 £3,314,000, an increase of £46,000. For the same period the advances were £2,563,000 and £2,357,000—a reduction of £206,000. This was quite in harmony with the movements in advances, and deposits in the State for the past year.



LAYING THE CORNERSTONE OF THE NEW COMMONWEALTH BANK.



HEAD OFFICE BUILDING OF THE COMMONWEALTH BANK NOW IN
COURSE OF CONSTRUCTION AT SYDNEY, N. S. W.

The bank's holding of coin, bullion and Australian notes was £657,000 in 1912, as against £751,000 in 1913, the increase being £94,000. Liquid assets totalled £2,393,000, as against liabilities of £4,447,480, or 10 s. 9d. in the £, a proportion needlessly high for safety, certainly so for profit earning, but at the same time a comfortable asset for a bank to own.

A vote of thanks was passed to the

board of directors, the manager and the staff.

BANK OF AUSTRALASIA

THE Bank of Australasia, according to "The Review" of Sydney, shows a record profit for the half year of £216,304. Another contribution of £50,000 has been added to the reserve fund, and the usual half-yearly re-

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.

H. C. HEAD, Cashier

SHUR WELCH, Assistant Cashier.

A General Banking Business Transacted

Foreign Exchange Bought and Sold

Telegraphic Transfers

Letters of Credit

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

duction of bank premises account—£20,000—is again in evidence. At this rate of writing off, the whole of the splendid properties of this wealthy bank will, before the end of the year, stand in the books at nothing. The Bank of Australasia has recently issued 10,000 new shares of £40 per share, fully paid up, and the shareholders already on the register were given the option of purchasing these shares at £100 each.

Preparations are under way for a new building for the Auckland, New Zealand, branch of the bank. It will contain four floors, a gallery and a basement, and will be of reinforced concrete.

AUSTRALIAN BANKING RETURNS

AUSTRALIAN banking returns for the March quarter compared with those for the corresponding quarter of 1912 and 1911 show considerable change in the banking position. Deposits and advances are stated as follows:

	1911.	1912.	1913.
Free deposits (current accounts, etc)...	£61,756,089	£67,230,984	£63,291,454
Fixed deposits	77,549,399	81,352,016	82,754,747
Total deposits	£139,305,488	£148,583,000	£146,046,201
Advances, etc	110,661,507	122,148,041	119,437,167

A large increase has been followed by a decided check, both total deposits and advances showing decrease for the

past twelve months. The nature of the movements for the last three years is more clearly shown by the following figures:

	12 months to March.	Deposits. Increase.	Advances. Increase.
1911	£13,779,809	£11,395,851	
1912	9,277,512	11,486,534	
		Decrease.	Decrease.
1913	2,536,799	2,710,874	

The banks generally managed to restrict advances during the past quarter, with the result that their position has become much stronger.

NATIONAL BANK OF NEW ZEALAND, LTD.

THE forty-first ordinary general meeting was held in London on July 1.

Mr. Robert Logan, who presided, said the authorized capital had been raised from £1,725,000 to £3,000,000, in accordance with the resolutions passed at the previous general meeting. Since March 31, the date of the balance sheet, they had issued 100,000

shares at £3 15s. each, making an addition of £375,000 to capital and reserve, so that the paid-up capital

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Mexico City, Mexico

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Mexican Companies Organized

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Real Estate Properties Managed

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would in future be £750,000, and the reserve fund, including the £20,000 being added this year, would be £645,000. It was with a certain amount of trepidation that the directors came to the conclusion that such a large issue of shares as fifty per cent. on the already paid-up capital was advisable, but they thought they could employ the money fully, and the result of the issue more than surpassed their expectations. Shareholders were given the option of paying up in full and getting the full dividend, whatever it might be, from April 1, instead of from the dates of the instalments, and in the first few days of April they got in fully eighty per cent. of the total amount, or close upon £300,000. Deposit and current accounts had been reduced by £127,000. The reduction in current accounts was probably merely the result of active trade, and, as regarded the fixed deposits, such deposits in New Zealand had been stationary for a number of years, and in

a good many instances had shown a tendency to diminish. Exchange business had increased enormously, and in order to work this the bank did not require such large fixed deposits. Bills payable and other liabilities had gone up by about £220,000, a natural result of their exchange business increasing. On the credit side of the balance sheet coin and bullion had decreased by £77,000, and cash at bankers by £199,000—a total of £276,000. Part of this was accounted for by the increase in investments, and the rest had gone into bills discounted, bills receivable and advances on securities. The gross profits had increased by £22,500, and the net profits by £15,000, the gross disposable balance being practically £21,000 up. It was proposed to pay the usual dividend at the rate of twelve per cent. and a bonus of one per cent., adding £20,000 to reserve and increasing the grant to pension and gratuity funds from £3,000 to £4,000. They were carrying forward £36,756.

Banco Nacional del Salvador

SAN SALVADOR

Authorized Capital ... \$5,000,000
Subscribed Capital ... 2,000,000,
Paid-up Capital 1,300,000

Head Office—SAN SALVADOR
Republic of Salvador, Central America

Agencies at all principal towns in
the Republic.

Correspondents in the most impor-
tant cities abroad.

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OF EVERY DESCRIPTION

Special attention given to COLLEC-
TIONS—moderate commission

Dr. Guillermo Mazzini
President Director

G. Hommolor
Manager

or £10,500 more, the aim of the di-
rectors being to carry forward eventu-
ally what would amount to a half-
year's dividend.

BANK OF NEW ZEALAND

AT the meeting of shareholders of
the Bank of New Zealand held at
Wellington June 26 the chairman said
that the bank had experienced another
good year. The amount available for
distribution was still satisfactory. The
board recommended a dividend at the
same rate as formerly, and the trans-
fer of £175,000 to the reserve fund,
making this £1,375,000. The position
of the bank was thoroughly sound, and
business had been fully maintained in
all departments. The paid-up capital
remained at £2,000,000. A recom-
mendation had been made to the Gov-

ernment regarding a proposed increase,
but until the Government's views were
known discussion would be premature.

Asiatic

GOLD ABSORPTION BY INDIA

LARGE sums of gold continue to
flow into India. In 1911 the
net imports were nearly sixteen mil-



BARON KOREKIYO TAKAHASHI
IMPERIAL JAPANESE MINISTER OF FINANCE

Baron Korekiyo Takahashi was born in the
year 1854 in a samurai family in Yeddo (now
Tokyo) belonging to the famous feudal Lord
Date of the Sendai clan. He very early de-
voted himself to the study of English. In 1867,

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$860,876.00

Deposits, \$3,602,738.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comp-toir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

a year previous to the Meiji Restoration, he was ordered by the clan Government to proceed to America, where he prosecuted his studies under the greatest difficulties. Returning home in the year 1868, he acted as instructor in various places. In 1878, he established the Kyoritsu Gakko, a private educational institution. In the year 1880 he entered the Department of Agriculture and Commerce, where he was ordered to introduce into Japan the system of letters patent, and in the capacity of the director of the then inaugurated Patent Office belonging to the department he made an extensive tour to Europe and America to investigate the laws and regulations relating to registration of trade marks, inventions and designs. In different countries, the materials collected by him having contributed much to the protection of patent rights in Japan. At this time he was also the director of the Agricultural and Dendrological School under the control of the same department. In 1888 he resigned these Government positions, and prompted by the desire of both the Government and the people, he went over to Peru, where he exerted himself in mining affairs with a German resident in Lima. Subsequently, in 1892, he entered the Bank of Japan, and in the following year he was appointed the Director of its Western District Branch. In the years 1895-1898 he was serving in the Yokohama Specie Bank, and in 1896 he was made a director and manager of the same bank, having been promoted to the bank's vice-presidency in 1898, and while holding this office he made his tour to Europe and America over again. In 1899 he was Vice-Governor of the Bank of Japan, and in 1906 he was also appointed president of the Yokohama Specie Bank. During the Russo-Japanese War, and after the peace was made, 1904-7, he was often ordered to Europe as special financial commissioner to raise the Japanese loans. Meanwhile he was nominated by His Majesty a Member of the House of Peers and the Decoration of the First Order of Merit was conferred upon him. It was in the year 1907 that he was honored with the title of Baron. In 1911 he was made the Governor of the Bank of Japan, and in February, 1913, when the present Yamamoto Cabinet was formed, he received the portfolio of Minister of Finance.

Through his meritorious services in financial and economical circles in Paris, he is a recipient of the Order of the Commander of

Legion of Honor of France. He was also decorated by the former Korean and Chinese Emperors. Since the time he was the vice-president of the Yokohama Specie Bank, he was appointed as a committee for the organization of the Bank of Taiwan (Formosa), the Industrial Bank of Japan, the Oriental Colonization Co., the Bank of Chosen (Korea), etc.

lions sterling. Last year India took twenty-five millions in sovereigns and bars, while it is estimated that the gross demand this year will reach thirty millions sterling.

This largely increased demand for gold on the part of India, which is of recent origin, is already attracting attention. Sir Edward Holden, chairman and managing director of the London City and Midland Bank, has expressed the view that the establishment of a central bank in India with branches would lead to freer discounting and a lowering of present high bank rates in India. But the London "Statist" thinks that the existing Presidency banks are substantially fulfilling the functions of a central bank, and that the remedy lies in depositing a larger share of the Government funds with them.

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

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BANKING AND FINANCIAL NOTES



The Branch
Our First President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$200,000
Surplus & Profits over 1,000,000

The Gateway to and Collection
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EASTERN STATES

New York City

—Joseph S. Marcus, who was for some time president of the Public Bank, is president of the Bank of the United States, which opened on July 1 with \$200,000 capital.

—As per the statement at close of business on June 30, the Kings County Trust Company of Brooklyn has total resources of \$19,084,522.24.

The capital of the company is \$500,000, and the surplus and profits \$2,340,868.14. Deposits on the date named were \$16,173,596.65.

Officers of the company are: President, Julian D. Fairchild; vice-presidents, Julian P. Fairchild, William Harkness, D. W. McWilliams and William J. Wason, Jr.; secretary, Thomas Blake; assistant secre-

tary, Howard D. Joost; trust officer, J. Norman Carpenter; counsel, George V. Brower.

—Crowell Hadden, who has been vice-president of the Brooklyn Savings Bank, succeeds Edwin P. Maynard, resigned, as president of that institution. Mr. Hadden has been with the bank for thirty years. He is a trustee also of the Franklin Safe Deposit Company and a director of the Franklin Trust Company and the Nassau National Bank.

—William P. Conway is a new assistant treasurer and John J. Lewis assistant secretary of the Guaranty Trust Company.



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(8-26)

1869



1913

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R. B. MELLON, *Vice-President*

A. C. KNOX, *Vice-President*

W. S. MITCHELL, *Cashier*

B. W. LEWIS, *Asst. Cashier*

A. W. MCELLOWNEY, *Asst. Cashier*

H. S. ZIMMERMAN, *Asst. Cashier*

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ASSISTANT TREASURER GUARANTY TRUST COMPANY OF NEW YORK



JOHN J. LEWIS

ASSISTANT SECRETARY GUARANTY TRUST COMPANY OF NEW YORK.

Planters National Bank

RICHMOND, VIRGINIA



Capital

\$300,000

Surplus and Profits

\$1,500,000

Total Resources

\$8,300,000

OFFICERS

JAMES N. BOYD
President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

D. V. MORTON
Assistant Cashier

**Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas**

Mr. Conway has been associated with the bond department of the company since February 1, 1911, and will retain his connection with that department.

Mr. Lewis has been with the Guaranty Trust Company since 1910. Previous to that time he was with the Morton Trust Company and the State Trust Company. Prior to his recent promotion he occupied the position of chief clerk of the company.

—Several changes have been made in the official staff of the Seaboard National Bank. C. C. Thompson, heretofore cashier, is now vice-president, and W. K. Cleverley has been promoted from the position of assistant cashier to that of cashier, while Hon. B. L. Gill, formerly cashier of the



C. C. THOMPSON

VICE-PRESIDENT SEABOARD NATIONAL BANK,
NEW YORK

First National Bank, Terrel, Texas, and who up to July 10 was Commissioner of Banking and Insurance of the State of Texas, becomes an additional vice-president of the Seaboard National.

The promotions are well deserved. Mr. Thompson's services with the bank date from 1890. After filling various places satisfactorily, he was elected assistant cashier in 1892, and in 1903 became cashier and a director of the bank. Before coming to New York he had been cashier of the First National Bank, Lu Verne, Minn.,

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CHICAGO

BENTON HARBOR, MICH.

HOLYOKE, MASS.



a position to which he was elected in 1887 at the age of nineteen years.

Mr. Cleverley, who takes the place of cashier left vacant by Mr. Thompson's promotion, was born in New York. He entered the Importers and Traders National Bank in early life as runner, and shortly afterwards joining the Seaboard's forces,



HON. B. L. GILL

FORMER COMMISSIONER BANKING AND INSURANCE, STATE OF TEXAS; VICE-PRESIDENT SEABOARD NATIONAL BANK, NEW YORK



W. K. CLEVERLEY

CASHIER SEABOARD NATIONAL BANK, NEW YORK

advancing through the various stations to the post of assistant cashier in 1902.

Hon. B. L. Gill, who resigned his office as State Commissioner of Banking and Insurance of the State of Texas, to become vice-president of the Seaboard National Bank, was a banker before taking the office named. His administration has been energetic and efficient. The respect in which he is held by the Texas bankers was indicated at a banquet tendered him on his retirement by several hundred of the leading bank officers of the State.

Since these changes, the official staff of

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J-M TRANSITE ASBESTOS SHINGLES

are moulded under tremendous hydraulic pressure into a homogeneous mass. They cannot rot, crack, warp or decay.

Furnished 1-8 inch thick with smooth edges, in colors of gray, Indian red and slate; and ¼-inch thick with rough edges, in gray and Indian red.

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Boston	Detroit	Minneapolis	San Francisco
Buffalo	Indianapolis	New Orleans	Seattle
Chicago	Kansas City	New York	St. Louis
Cincinnati	Los Angeles	Omaha	Syracuse



Residence of Mrs. Kircher, Llanerch, Pa.
Covered with J-M Transite Asbestos
Shingles. 1482

he Seaboard National Bank is thus composed: President, Samuel G. Bayne; vice-presidents, S. G. Nelson, C. C. Thompson, B. L. Gill; cashier, W. K. Cleverley; assistant cashiers, L. N. DeVausney, J. C. Emory, O. M. Jefferds.

—Sydney H. Herman was recently elected president of the Union Exchange National Bank, to succeed his father, the late Henry S. Herman. For a number of years he has been a director of the bank, and its attorney since organization.

Philadelphia

—This year all the banks organized at the inception of the national banking system and which have not gone out of business meanwhile, are observing their semi-centennials.

Not only is the First National Bank of Philadelphia fifty years old, but it has the unique honor of being the first bank chartered under the national banking system.

While the bank takes a just pride in this distinction and in its long and honored history, it keeps right up to the minute with modern banking, and is one of the notably successful banks of the United States.

—A condensed analysis of the proposed banking and currency bill has been prepared by the Corn Exchange National Bank of Philadelphia, showing in a convenient form, and under appropriate headings, just what are the provisions of the bill. It enables one to get a clear idea of the measure much more readily than by reading the bill itself.

—Fourteen Philadelphia banks showed over twenty per cent. earned on their capital for the year ending with June 4. The Philadelphia led with 39.04 per cent.; the



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Resources, - \$7,600,000.00

A. D. BISSELL, President
C. R. HUNTLEY, Vice-President
E. H. HUTCHINSON, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
C. G. FELL, Asst. Cashier

Central and Franklin were next with 36.12 and 33.44 respectively.

—Pennsylvania, North and South Carolina, Maryland and Utah, were recently added to the many other States that have gone on record as favoring William A. Law, first vice-president of the First National Bank of Philadelphia, for first vice-president of the American Bankers Association.

—The Bank of Commerce, Philadelphia, having bought the property at 713 Chestnut street, is making alterations preparatory to occupying it.

Pittsburgh

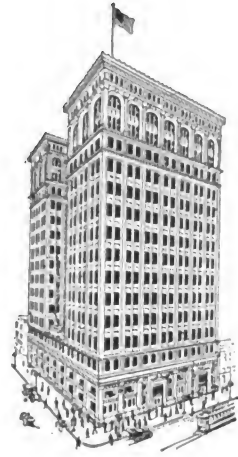
—To the many fine bank buildings in Pittsburgh has been added the thirteen-story building of the East End Savings and Trust Company, in which this institution is now located, and having quarters that in convenience, size and appropriateness of equipment, are in accord with the latest ideas in bank construction.

—Announcement of removal of the Western National Bank of Pittsburgh is made, the new quarters being at Penn avenue and Ninth street.

—An increase of capital from \$500,000 to \$1,000,000 has been made by the Bank of Buffalo, which under the presidency of Mr. Elliott C. McDougal is one of the safely-progressive banks of the country. Mr. McDougal is a former president of the New York State Bankers' Association, and has just been appointed a member of the commission to revise the banking laws of the State of New York.

—Seymour H. Knox succeeds the late Stephen M. Clement as president of the Marine National Bank of Buffalo, having acquired a large part of Mr. Clement's holdings of stock. Mr. Knox is also vice-president of the Columbia National Bank of Buffalo. John J. Albright, heretofore vice-president of the Marine National, has been made chairman of the board of directors, and George F. Rand, president of the Columbia National Bank, succeeds Mr. Albright as vice-president of the Marine National Bank.

—Both the capital and the surplus of the Peoples Bank of Buffalo have been doubled, the increase being from \$300,000 to \$600,000. This fact, coupled with recent removal into much larger quarters, indicates the growth of the bank and its enlarge-



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W. D. VINCENT, Cashier
W. J. KOMMERS
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W. J. SMITHSON
Assistant Cashiers

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E. H. HUTCHINSON

VICE-PRESIDENT PEOPLES BANK, BUFFALO, N. Y.

ment of equipment to meet the demands of business. E. H. Hutchinson is a new vice-president of this bank.

—Rural credits, better farming methods and investment banking were some of the prominent topics discussed at the convention of the Maryland Bankers Association held at the Blue Mountain House June 24-26.

—Bank Commissioner Downes of Maryland reports 121 State banks and trust companies in business in that State with total resources of \$114,348,500, which is \$16,674,300 in excess of those of the Maryland national banks.

NEW ENGLAND

Boston

—The Mutual National Bank is raising its capital from \$200,000 to \$500,000.

—State authorities have been asked for permission to organize the Grove Hall Trust Company in Boston with \$200,000 capital and \$25,000 surplus.



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Always open to traffic and always closed to dust, dampness and drafts.

The bank building may be kept warmer in winter at a real reduction in coal bills.

In summer the heat from the street is kept out.

VAN KANNEL DOORS are in wide variety of types—Write for Catalog "B".

VAN KANNEL REVOLVING DOOR CO.
FLATIRON BUILDING, NEW YORK

—Boston national banks for the year ending June 4 showed earnings well above those of the previous year.

—"Fundamental Conditions" is the title of a leaflet issued by the well-known investment banking firm of Hornblower & Weeks, giving a concise statement of current events under the heads of "Political," "Commercial," "Money," "Railroads," "Labor" and "Market."

—As per a compilation made by the "Boston News Bureau," the profits of the trust companies of Boston for the year ending June 30 were \$3,142,388, or only \$943,982 below the earnings of the national banks, which carry nearly one-third more deposits than the trust companies. This, of course, does not necessarily mean that

the trust companies are any better managed than the banks. But it does mean that they can do many things which the banks cannot, and are making more money on account of their wider scope of operations.

—The Home National Bank of Brockton, Mass., will increase its capital from \$200,000 to \$500,000 and also declare a special dividend of \$100 per share, payable October 1. Surplus and profits of the bank now exceed \$500,000.

—Charles L. Spencer, who has been president of the First National Bank of Suffield, Conn., for many years, and is a director of the Travelers and Aetna insurance companies of Hartford, succeeds S. E. Elmore, retired, as president of the Connecticut River Banking Company, Hartford.

—It is reported that two of the important banks of Lynn, Mass., will probably consolidate. These are the Central National Bank and the Security Trust Company.

SAVINGS BANKS

and savings banks officers, clerks and trustees ought to get at once the new book on

"The Savings Bank and Its Practical Work"

BY W. H. KNIFFIN, JR.

Treasurer of \$25,000,000 Savings Bank and former Secretary of the Savings Bank Section, American Bankers Association

Covers every phase of the organization and work of a savings bank in 560 pages, 38 chapters copiously illustrated and indexed.

This is THE long needed book on the Savings Bank, and it is delighting Savings Bank men everywhere.

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Lafayette Bldg.

CHICAGO.
25 First National Bank Bldg.

The Union National Bank

CAPITAL
\$1,600,000.00

Cleveland, O. SURPLUS AND PROFITS
\$1,000,000.00

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. E. WARD, Asst. Cashier

W. C. SAUNDERS, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

—New officers of the Connecticut Bankers Association elected at the recent fourteenth annual convention, held at New London, are: President, O. H. Brothwell, cashier First National Bank, Bridgeport; vice-president, N. D. Prince, cashier Windham County National Bank, Danielson; secretary, Charles E. Hoyt, treasurer South Norwalk Trust Company, South Norwalk; treasurer, H. H. Larkum, cashier First National Bank, Rockville.

—The Winchester Trust Company of Winchester, Mass., took over the business of the Middlesex County National Bank on

July 1 and will hereafter occupy its new building, a structure architecturally and in its appointments of distinctly modern type.

—June 22, 1913, was the fifth year of the operation of Savings Bank insurance in Massachusetts. There are now in that State four savings banks with insurance departments, namely, the Whitman Savings Bank of Whitman, the Peoples Savings of Brockton, the Berkshire County of Pittsfield, the City Savings of Pittsfield, and fourteen others which are public agencies. More than 200 agencies have been established in factories, shops and mills for the benefit of the employees and there are now more than 7,700 such policies in force with insurance to the amount of nearly \$3,000,000.

The Duties and Responsibilities of Trustees

Together with forms and methods for all the practical work of the Savings Bank are fully set forth in the new book,

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By W. H. KNIFFIN, Jr.

Formerly Treasurer of the Onondaga County Savings Bank, Syracuse, N. Y., and former Secretary of the Savings Bank Section, American Bankers Association

In addition all legal decisions affecting Savings Banks, the relations of the Bank to its depositors, digest of by-laws, etc., are taken up in 38 chapters, 550 pages, over 100 illustrations of blanks, forms, etc.

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SOUTHERN STATES

—S. B. Luttrell has been elected president of the Mechanics Bank and Trust Company, Knoxville, Tenn., to fill the vacancy caused by the death of E. G. Oates.

—Announcement is made by the Citizens National Bank of Raleigh of the election of Henry J. Young as active vice-president, and of Graham H. Andrews as cashier to succeed H. E. Litchford, resigned.

Col. A. B. Andrews still remains vice-president.

The Citizens National Bank of Raleigh under the management of President Joseph G. Brown, has steadily gone ahead, and now has one of the specially fine bank buildings of the South.

—Substantial improvements have been made in the banking quarters of the Old Dominion Trust Company of Richmond, into which the company moved quite recently.

—On July 11 the officers and directors of the First National Bank of Brenham,

Capital - \$2,500,000.00

**FIRST
NATIONAL
BANK**

Deposits, \$34,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,760,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

Texas, invited the friends of the bank to join in a celebration of its thirtieth anniversary.

—Plans have been prepared for an eight-story building for the Citizens National Bank, Durham, N. C.

—It is announced that the First and Lexington City National at Lexington, Ky., are to be merged under the title of the First and City National Bank. With \$800,000 capital and \$450,000 surplus this will be one of the largest banks in Kentucky outside of Louisville.

L. G. Cox, formerly president of the First National, will be chairman of the board; J. E. McFarland and John G. Stoll, vice-presidents.

—Officers of the North Carolina Bankers Association were chosen at the seventeenth annual convention in session at Asheville, July 14, as follows: President, George A. Holderness of Tarboro; first vice-president, Thomas E. Cooper of Wilmington; second vice-president, J. L. Armfield of Thomasville; third vice-president, W. S. Blakeney of Monroe; secretary and treasurer, W. A. Hunt of Henderson. The members of the executive committee, whose terms expired at the present annual gathering, will be succeeded as follows: E. C. Rea of Edenton, T. A. Uzzell of Newbern, W. B. Drake, Jr., of Raleigh, A. L. Davis of Burlington, I. F. Craven of Ramseur, E. O. Anderson of Charlotte.

—The Guaranty State Bank and Trust Company of Dallas, Texas, has increased its capital stock from \$600,000 to \$1,000,000.

—It is announced that the Williamson Trust Company of Memphis has been absorbed by the Union and Planters Bank and Trust Company.

—Although located in the smallest county of the State, the Bank of Clarke County,

Berryville, Va., has assets approximating \$450,000. Lately the bank has remodelled its building, which is occupied by the bank exclusively. The building is twenty-four by seventy feet, and thirty feet high. The exterior is of Bedford stone and stucco. In its interior finishing and equipment the bank building is thoroughly modern, and Italian marble, mahogany, tiled flooring and other suitable materials have been employed in making the banking rooms attractive.

—Work is nearly completed on the new eight-story annex to the City Bank and Trust Company's building, Mobile.

—A new \$100,000 structure for the Frederick County National Bank of Frederick, Md., is nearing completion.

—The South Texas State Bank succeeds the Rosenberg Bank in Galveston, Texas, and after some remodelling is occupying the old quarters of that institution.

—The Merchants and Mechanics Bank of Birmingham, Ala., of which W. A. Porter is president and Al C. Garber cashier, has moved into new quarters on Second avenue.

—It is expected that the new building of the Jefferson County Savings Bank, Birmingham, Ala., which is to be the tallest in the South, will be completed in October.

—R. C. Ayres is president and J. H. Blocker cashier of the new Citizens State Bank and Trust Company (capital \$150,000) of Dallas, Texas.

—Atlanta bankers would like to have the 1914 convention of the American Bankers Association held in that city.

—Three banks of New Orleans are now operating insurance or pension systems for

There is a demand for "SPECIALTIES" in cigars.

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their employees, the Commercial National, the Interstate Trust and Banking Company and the Whitney-Central National. Arrangements have been made with insurance companies and entail no expense on the employee. Other banks there also have the plan in view.

—The City National Bank of Sumter, S. C., has moved into the new, modern fire-proof structure at Main and Liberty streets there, which it has recently finished at a cost of \$100,000.



NATHAN ADAMS

CASHIER AMERICAN EXCHANGE NATIONAL
BANK, DALLAS; PRESIDENT TEXAS BANK-
ERS ASSOCIATION

WESTERN STATES

Chicago

—Reference is made elsewhere in this issue of the MAGAZINE to the history which the First National Bank has published commemorating the bank's semi-centennial which was attained on July 1st.

The successful record of the bank is well known and it constitutes one of the most impressive stories of banking progress in this country. Its affiliated institution—the First Trust and Savings Bank—has had an extraordinary degree of public favor and confidence since its establishment less than ten years ago. This institution has met a genuine financial need and its good fortune is also due to the fact that it inherited the sound traditions of the First National Bank, and is substantially under the same management.

The First National Bank of Chicago stands near the first rank in point of size and is admittedly one of the best managed banks in the country, while its president, Mr. James B. Forgan, ranks among the leaders in the banking world on this side of the Atlantic.

—The Colonial Trust and Savings Bank will increase its capital to \$1,000,000, and the surplus to about \$700,000.

—Drexel State Bank shareholders have approved an increase in capital from \$200,000 to \$300,000.

—Employees of the Central Trust Company who have reached the age of sixty-five years will hereafter have the opportunity of participating in a pension fund created by the company.

—Secretary Frederick R. Fenton of the Investment Bankers' Association of America has mailed to the membership of the association a fifty-page bulletin which contains information of value to investment

bankers in this country. The bulletin supplements former issues and brings up to date many State legislative conditions affecting the purchase and sale of investment securities.

The survey of the association as set forth in this bulletin treats with the eighteen "blue sky" laws that have been enacted in the various States and includes a comprehensive tabulated summary of the requirements of each act printing in full all the laws passed recently on this subject. The proposed income tax law and a timely discussion of the German methods of regulating the purchase and sale of securities also form part of the current bulletin.

President George B. Caldwell has announced a general committee, composed of Chicago members of the association, which has begun elaborate preparations for the second annual convention, which will be held in Chicago this fall. This committee is headed by H. L. Stuart, N. W. Halsey and Company, Chicago, and is composed of the following: John E. Blunt, Homer W. McCoy, R. E. Wilsey, F. W. Leach, George H. Taylor, Clark L. Poole, John J. Abbott, Charles Counselman, R. U. Lansing, Robert Stevenson, F. P. Judson, C. P. King, H. T. Sibley, W. G. Leisenring, Walter Greenebaum, N. Roberts, C. F. Childs, B. F. Taylor, C. Edward Carlson, James L. Martin, Jr., Paul Chapman, Joseph A. Rushton, Gerald W. Peck, T. J. Bolger, R. B. Upham, Stanley Miller, B. L. Johnson, R. E. Danielson, Percy C. Hord, George F. Hardie. A New York committee headed by L. B. Franklin of the Guaranty Trust Company, New York, has already begun plans

Utah Savings & Trust Company

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Commercial—Savings—Trust—Bonding

Capital . . . \$300,000
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to bring a large Eastern contingent to the Chicago convention.

Definite arrangements have not yet been announced, but the tentative dates of October 28, 29 and 30 have been fixed and are expected to be decided upon for this big gathering. The first annual convention, held last year in New York, attracted over 500 investment bankers from all parts of the United States and Canada. Inasmuch as the association will have completed its first year of activity, the approaching convention is expected to far surpass this first gathering in point of attendance.

—Wisconsin bankers at the annual convention of their State association resolved on appointing a special committee for investigating the method of taxing bank stock in that State.

—Kansas claims to have a bank in every county of the State.

—R. B. Crane, heretofore second vice president of the National Bank of Commerce, Toledo, Ohio, will succeed William W. Edwards, deceased. E. C. Edwards, son

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Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
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WHITE

of the late vice president, succeeds Mr. Crane as second vice-president, and George L. Mills is promoted from receiving teller to assistant cashier, succeeding A. H. Pieter, who resigned to become secretary and treasurer of the Commerce Trust Company, organized recently by interests affiliated with the National Bank of Commerce.

—Robert W. Webb, who has been connected with the Minneapolis Trust Company for nineteen years, was recently promoted from the position of secretary and treasurer to be vice-president and treasurer. His successor as secretary is Dana L. Case, heretofore cashier of the East Side State Bank of Minneapolis. H. O. Hunt is a new assistant treasurer of the Minneapolis Trust Company, and six new directors have been chosen, including F. M. Prince, president of the First National Bank of Minneapolis.

—Hon. Joseph H. Millard, former United States Senator from Nebraska, and president of the Nebraska National Bank of Omaha, will represent the Omaha Commercial Club on the American committee of the Anglo-American Exposition to be held in London next year.

—At East St. Louis, Ill., the new Drovers Deposit National Bank is now in operation with \$200,000 capital. A. J. Williford is president, M. A. Bright and Thomas G. Landers, vice presidents, and Geo. W. Doerr, cashier.

—Joseph R. Kraus, who has had extensive banking experience, is a new vice-president of the First National Bank, Cleveland, O., succeeding F. J. Woodworth, who has been transferred to the First Trust and Savings Company, an institution affiliated with the First National Bank.



J. R. KRAUS

VICE-PRESIDENT FIRST NATIONAL BANK,
CLEVELAND, OHIO

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been the representative
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—The new home of the National City Bank, Main street, Akron, O., is one of the handsomest in the West. The front is a classic design in white marble, with doors of bronze. The furnishings and interior finish are mahogany. In the decorative scheme, a window of cathedral glass, in which is set a panel of "Commerce," is the distinguishing feature. The vaults, too, are the very latest in material and pattern.

—In his annual report to the Governor, State Banking Commissioner Koulst of Wisconsin calls attention to the fact that there has not been a banking failure in the State since 1904.

—Fifty years ago the First National Bank of Fremont, O., was chartered (No. 5) and the event was appropriately observed on June 24.

—The First National Bank of Charleston, Ill., has broken ground for a new building, which architecturally and in the matter of appointments is to be one of distinctly modern type.

—Recently the Citizens National Bank of Martinsville, Ind., was made a Government depository. Since its reorganization a little over a year ago when the capital stock was increased to \$100,000.00 the Citizens National has been growing rapidly. Its published statement of June 4th showed deposits of \$453,907.62, more deposits than any other Morgan county bank had on this date, and a gain of over \$200,000 in fourteen months.

—Many of the Iowa State banks are taking advantage of the amendment to the banking law of the State which permits the banks to exercise certain trust company functions, on complying with prescribed conditions.

This development, which has occurred in other States, seems to be toward a consolidation of banks of discount and trust companies.

—South Dakota bankers held their annual convention at Watertown, June 25 and 26. They discussed farming, taxation, live stock and other subjects and elected these officers: President, M. P. Beebe, president Bank of Ipswich, Ipswich; vice president, T. W. Delicate, vice-president Custer County Bank, Custer; secretary, J. E. Platt, president The Security Bank, Clark; treasurer, S. T. Kiddoo, cashier Sioux Falls National Bank, Sioux Falls.

HARRISON'S INTEREST TABLE

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At 2-2½-3-3½-4-4½-5-6 & 7%

And for Both

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INTEREST FIGURED TO 4 PLACES

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ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS

—At a meeting of the board of directors of the Mercantile Trust Company, St. Louis, July 16, John M. Whelan was appointed assistant trust officer.

Mr. Whelan has been in the employ of the Mercantile Trust Company for nearly nine years, four years of that time being spent in the transit department and four years in the trust department, and the past year in the corporation department.

The trust department is now sub-divided into two divisions, namely, estates division and corporate division. Mr. Whelan will

be assistant to Arthur F. Barnes, assistant secretary, in charge of the corporate division. Virgil M. Harris is trust officer in charge of the estates division, and George B. Cummings, assistant trust officer, is assistant to Mr. Harris.

—State Auditor Brady reports 660 State banks in Illinois with State charters. Their total capital, surplus and undivided profits is \$137,348,500; deposits, \$714,242,780; savings deposits, \$292,983,680.

—From the First Bank and Trust Company of Cairo, Ill., comes a copy of the "Evening Citizen," giving some interesting figures regarding the business progress of that city as indicated by the postoffice receipts and bank clearings.

For the year ending June 30 postal receipts were \$73,495.71 compared with \$68,679.88 last year and \$34,471.75 in 1903, showing an increase of over 100 per cent. in ten years. Bank clearings up to June 30 this year were \$6,851,286.34 against \$6,211,819.26 last year.

Though high water caused considerable difficulty early this spring, business has continued to grow, as the above figures indicate.



JOHN M. WHELAN

ASSISTANT TRUST OFFICER MERCANTILE TRUST COMPANY, ST. LOUIS

PACIFIC STATES

—At the eighth annual convention of the Oregon Bankers Association, held at Corvallis, June 16 and 17, an address on "Re-discounting as a Necessity and a Possibility" was made by Edgar H. Sensenich, cashier of the Northwestern National Bank of Portland. Officers of the Association for the ensuing year were chosen, namely: President, W. L. Thompson, president American National Bank, Pendleton; vice-president, A. C. Shute, president American National Bank, Hillsboro; secretary, J. L. Hartman of Hartman and Thompson, bankers, Portland (re-elected); treasurer, A. J.

Capital - \$6,000,000

Surplus - \$6,000,000



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JOSEPH S. HOUSE, Cashier
ROBERT U. GRAFF, Asst. Cashier
JOHN ROBINSON, Asst. Cashier
CHARLES E. MILLER, Asst. Cashier

Johnson, president Benton County National Bank, Corvallis.

—Utah bankers met at Heber City, June 27 and 28.

—The Donohoe-Kelly Banking Company is to put up a new structure for itself at Sutter and Montgomery streets, San Francisco, and while the work is going on will occupy temporary quarters in the Holbrook Building, Sutter street, near Sansome.

—The Washington Exchange Bank of Vancouver, Wash., has absorbed the Vancouver Trust and Savings Bank of that place, and will occupy the old quarters of that institution on Main street. Lloyd Dubois continues as president, M. H. Evans as cashier.

—A bond department has been opened by the Union Savings and Trust Company of Seattle, in charge of O. P. Dix, formerly connected with the Chicago office of William A. Read and Company, New York.

—P. C. Kauffman has resigned as second vice-president of the Fidelity Trust Company, Tacoma, but remains a director. He will have charge of the bond and investment department of the National Realty Company, Tacoma, a position which will relieve him of some of the duties he wished to relinquish in order that his health might be fully regained.

Mr. Kauffman was formerly treasurer of the American Bankers Association.

—Los Angeles bank deposits are nearly ten millions larger than a year ago.

—Banks in a number of places adjacent to Los Angeles are to be placed under the supervision of the Los Angeles Clearing-House. This action recalls the fact that some years ago California worked out an excellent system of bank supervision (including State and district clearing-houses)

which many believed would have proved more efficient than most of the systems now prevailing. The system was not put into operation, for the reason that it was considered unnecessary after the adoption of the new banking law.

—The Security National Bank succeeds the Central National Bank of Los Angeles, and the capital is raised from \$300,000 to \$1,000,000. This action means that the former Central National Bank has become affiliated with the Security Trust and Savings Bank, which has increased its capital from \$1,650,000 to \$2,000,000. It is one of the largest and most successful banks of the West.

Officers of the Security National Bank are: J. F. Sartori, president; S. F. Zombro,

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M. S. Hellman and John R. Mathews, vice presidents; J. B. Gist, cashier; and A. M. Beamon and C. S. Albro, assistant cashiers.

—San Diego has a new bank—the United States National, with \$100,000 capital.

—J. F. Andrews, heretofore cashier of the German-American Trust and Savings Bank, Los Angeles, was recently elected as an additional vice-president, and R. P. Hillman, who for some time has been secretary of the bank, will hereafter be cashier also. Geo. A. Mattern, for several years a teller in the bank, is now assistant cashier.

These changes are due to the growth of the bank, which has been greatly accelerated by removal into the new building.

—Spokane will probably have a new trust company (not to do any deposit banking) with \$100,000 capital.

—Total resources of the Crocker National Bank of San Francisco as per the June 4 statement were \$26,185,209.52; deposits, \$18,485,184.82; capital, \$2,000,000; surplus and undivided profits, \$3,012,924.94.

—As soon as the details can be arranged the National Bank of Commerce and the Pacific National Bank of Tacoma are to be consolidated.

—Affiliated with the Lumbermen's National Bank at Portland, Ore., will be the new Lumbermen's Trust and Savings Bank, which will have \$500,000 capital and \$100,000 surplus.

—Walstein G. Smith, cashier of the First Bank of Katalla, Alaska, has been appointed Treasurer of the Territory.

—A law to regulate private banking in the State of Washington went into effect June 21. It puts them under the jurisdiction of the State Bank Examiner and requires them to take out charters after January 1, 1915.

—At a recent meeting of Sacramento Chapter, American Institute of Banking the following officers were elected for the ensuing year: President, C. E. Gruhler, Peoples Savings Bank; vice-president, H. M. Weston, California National Bank; secretary and treasurer, W. E. Holmes, Capital National Bank.

—More than 38,000,000 acres of the finest wheat lands in the world (almost equal to the entire present wheat acreage of the United States) lie within a 300-mile radius from Salt Lake City and are tributary to it. This is the chief of many causes for Salt Lake's greatness to come, says "Trade and Finance Letter" of the National Copper Bank of Salt Lake City.

CANADIAN NOTES

—General managers of the chartered banks meet on August 15 for the election of a panel of qualified auditors from amongst whom shareholders can select an auditor for the examination of banks in which they are interested.

—On June 24 it was decided by shareholders of the Home Bank of Canada (with which the Banque Internationale du Canada was merged some time ago) to increase the capital from \$2,000,000 to \$5,000,000.

—During the month of June the chartered banks of Canada opened twenty-three new branches at various points in Canada and closed ten branches, making a total gain of thirteen. The province of Quebec led in point of numbers of new branches, there being seven new branches established. However there were six closed in the same month, so that the net gain for the province was only one. The province of Alberta made the greatest net gain as there were five branches opened and none closed. Ontario occupied a remarkably low position, having a net gain of only one.

The Canadian Bank of Commerce opened

THE BANKERS DIRECTORY

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BETTER THAN EVER

more branches during the month than any other single bank, the number being six. However, this bank also closed six so that there was no gain. The Bank of Hochelaga made the greatest net gain, opening five new branches and closing none. The Merchants Bank was next with a net gain of four.

—The fifty-third annual general meeting of shareholders of La Banque Nationale,



LA BANQUE NATIONALE; HEAD OFFICE, QUEBEC

held at the head office in Quebec, disclosed the following:

PROFIT AND LOSS ACCOUNT, APR. 30, 1913.

Balance brought forward April 30, 1912..	\$92,091.77
Profits for the year ending April 30, 1913, after deducting interest on deposits and making provisions for bad and doubtful debts	302,304.76

Making a total of..... \$394,396.53

Which has been disposed of as follows:

Quarterly dividends at the rate of 8% annually (2% payable Aug. 1, Nov. 1, Feb. 1 and May 2)	\$160,000.00
Transferred to Employers Pension Fund....	10,000.00
Transferred to Reserve Fund	150,000.00
	320,000.00

Balance of Profit and Loss carried forward. \$74,396.53

Deposits on April 30, 1912, were \$15,815,688.43 compared with \$17,719,875.50 this year.

—For the last quarter the Merchants Bank of Canada declared a dividend of two and one-half per cent., or at the rate of ten per cent. per annum.

—The Bank of Toronto has moved its head office into the new building at the corner of Bay and King streets from the quarters on the corner of Church and Wellington, which have been occupied for fifty years. The bank was incorporated in 1855 and some idea of the growth of the institution in that time may be had from the comparison of figures taken from annual statements at decennial intervals since 1857:

Year.	Capital and Reserve.	Funds.	Deposits.	Assets.
1857.....	\$439,148		\$263,100	\$1,268,413
1862.....	893,048		474,722	1,960,939
1872.....	2,253,421		2,803,479	6,578,289
1882.....	3,007,188		3,730,470	8,393,375
1892.....	3,838,893		7,817,429	13,523,641
1902.....	5,193,128		15,119,753	23,424,935
1911.....	10,268,120		41,126,664	57,067,664
1912.....	11,176,578		41,622,345	59,226,548

An illustration of the new head office building of the Bank of Toronto was published in last month's MAGAZINE.

—A branch of the Quebec Bank has been opened at Cedars, Quebec, with J. MacLellan in charge as acting manager.

Bankers' Conventions, 1913

American Bankers Association, Boston, Mass., Oct. 6 to 11.

American Institute of Banking, Richmond, Va., Sept. 17, 18, 19.

Illinois, Chicago, Sept. 25, 26.

Kentucky, Louisville, Sept. 17, 18.

Montana, Helena, Aug. 15, 16.

Ohio, Cleveland, Sept. 11, 12.

Washington, Bellingham, Aug. 7, 8, 9.

Statement of the ownership, management, etc., of The Bankers Magazine, published monthly at Boston, Mass., required by Act of August 24, 1912. Editor and managing editor, Elmer H. Youngman, 253 Broadway, New York; business manager, J. R. Duffield, 253 Broadway, New York; publisher, Bankers Publishing Co., 127 Federal st., Boston. Owners holding 1 per cent. or more of total amount of stock: Geo. T. Lincoln, 127 Federal st., Boston, Mass.; W. C. Warren, 253 Broadway, New York; Edwin W. Ingalls, Lynn, Mass.; W. H. Butt, 253 Broadway, New York; E. H. Youngman, 253 Broadway, New York; J. R. Duffield, 253 Broadway, New York. No bonds or mortgage.

W. C. WARREN, President.
Sworn to and subscribed before me this 27th day of June, 1913.
Robert DeB. Lincoln,
Notary Public.

April 1, 1913.



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A BIRD'S-EYE VIEW OF BOSTON—THE CONVENTION CITY. 1913

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THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SIXTY-SEVENTH YEAR

SEPTEMBER 1913

VOLUME LXXXVII, NO. 3

Going It Blind on Currency Legislation

FROM a United States Senator whose name we do not feel at liberty to mention, the following statement has been received in regard to the pending currency and banking bill:

"If the banking and currency bill is forced through during the present session of Congress, I shall have but little time to inform myself as to the merits of the proposed legislation and shall have to go it blind to a great extent."

Who is forcing this measure through? It cannot be the President, for Article 1, Section 1, of the Constitution declares:

"All legislative powers herein granted shall be vested in a Congress of the United States."

The authority of the President respecting legislation is thus prescribed in Article 2, Section 3:

"He shall from time to time give to the Congress information of the state of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient."

In addition the President may veto bills which do not meet his approval.

The power to recommend measures is quite different from the power to

force them through Congress; and as the President is bound by the constitutional limitation quoted, he cannot resort to any such unwarranted exercise of power. Since Mr. WILSON's nomination was brought about by the great moral victory achieved with Mr. BRYAN's aid at Baltimore, it is of course inconceivable that Senators should fear that if they did not support his measures he might look coldly upon their constituents who desire office.

Another Senator thus complains of the haste in forcing this bill through:

"I very much regret the disposition to press through this bill at this session. I am satisfied that it cannot have adequate consideration."

Congress can hardly be expected to legislate wisely on this question until a sound public opinion has been created in reference to it by means of discussion and education.

To act wisely after full deliberation is far more important in this instance than to act hurriedly and unwisely.

In a matter of such vital concern to the people of this country, "going it blind" is an exceedingly dangerous and foolish policy.

Bank Profits Under the New Currency Bill

ASSUMING that the pending banking bill may be forced through Congress it will be interesting to the banks, especially the smaller country institutions, to figure out just how the new plan will affect their profits. The computation given below, prepared by Nelson, Cook & Company of Baltimore, represents the profits of a country bank of \$100,000 capital under the existing National Bank Act and the new measure:

Under the Present National Banking Act:

\$100,000 capital loaned at 6 per cent	\$6,000
\$400,000 deposits requiring a reserve of 15 per cent. (\$60,000), of which amount 9 per cent. (\$36,000) can be kept in reserve city bank at 2 per cent. .	720
Exchange on checks on bank remitted for collection	500
Total	\$7,220

Under Proposed Glass-Owen Bill:

\$90,000 capital loaned at 6 per cent.	\$5,400
\$10,000 invested in reserve bank stock at 5 per cent.	500
\$20,000 reserve in reserve city bank, 2 per cent.	400
Total	\$6,300

Loss under the new plan compared with the present national banking act \$920

Yet there may be compensating advantages. The lending abilities of the banks will undoubtedly be increased by the rediscount privilege, and it will not be necessary at certain times to carry as high a reserve as heretofore. Even the loss on exchange may be more than made up by an increase of busi-

ness. But these advantages are somewhat problematical, while the loss figured out above is actual.

Corn-Tassel Currency

IT is in truth a very ill wind that does not waft some good in somebody's way. The currency debate is full of dreariness, but it has brought one immortal and joyous phrase into being. "Corn-tassel" currency will be long remembered when the dry essays and speeches that banking legislation has brought forth shall have sunk into deserved oblivion.

Now, this new kind of currency, as we understand it, is not to be made of the tassels of the maize or Indian corn, although modern science could probably devise a very decent-looking circulating note out of this plentiful material. The phrase is somewhat figurative, and used contemptuously to describe the proposal to issue currency against warehouse receipts representing corn, wheat and cotton.

Well, this is a lot better security than much of the "commercial paper" that will be manufactured for rediscount once the new currency scheme gets going, and is in principle not much worse than the "Treasury" notes provided for in the bill. In fact, all things considered, it might be a great deal better. The true basis (other than coin) of a bank-note circulation is the paper representative of consumable commodities on their way from the producer to the consumer. The real difficulty with the corn-tassel currency would be that while the products it represented would be all right, they would, in storage, hardly be on their way to the consumer, but would partake too much of the nature of fixed property.

But whatever may be the theoretical

or practical objections to the corn-tassel currency itself, this new phrase added to the all too circumscribed terminology of monetary science is a thing of beauty and a joy forever.

Bank Loans to Banks

GOVERNMENT inquiry has been directed lately to the matter of loans between banks. It is inferred that the Government suspects many of these loans to be made on stock collateral for the purpose of promoting speculation. If this suspicion proves correct the Government may by refusing to place public funds in such banks impose a little restraint on dealings of this character; or, at least, may not be a party to them.

The Secretary of the Treasury, engaged in an attempt to supply money to the banks for use in crop moving, is doubtless justified in taking whatever precautions he may consider essential in preventing the defeat of his plans and the diversion of the Treasury money from this beneficent object to the uses of speculation—a kind of transaction condemned universally by everyone who has speculated and lost, but looked upon with some degree of tolerance by those who have won.

The Secretary probably has heard that there are country banks unregenerate enough to send public funds deposited with them to their New York correspondents with instructions to lend the money out on call at the market rate. Of course, a proceeding like this looks very wicked on the face of it, but what it really amounts to is this: if a bank obtaining Government deposits finds that the best use—and perhaps the only use—it can make of the money is to send it to New York to be lent on call, is not the bank simply employing its funds to the best advantage?

It is, of course, disconcerting to the Secretary to find the dollars which he has sent South or West to pay the cotton-pickers and corn-huskers turning away from these rural scenes for the wicked purlicus of Wall Street.

Were the Treasury ducats earmarked they might be traced by bank examiners, and when one of them was found in the neighborhood of the Stock Exchange it could be promptly collared and dragged back to its prosaic but virtuous country home.

Government regulation of the banking business; or rather, Government management of banking, is beset with many difficulties.

Some way, we cannot understand just why the Government should be "financing" the crop movement at all. The money so used is all derived from the people by taxation. If Mr. McAdoo has a surplus, why doesn't he use it in paying off the public debt instead of lending it to the banks? That would be a legitimate and proper use for it. The taxation of the people for the purpose of lending money to the banks is not a legitimate exercise of Government authority. Perhaps it will be said that this was not the purpose of the tax that produced the present surplus. But that is its effect.

It is unjust to tax the people in order that the Secretary of the Treasury may have command of fifty or a hundred million dollars with which to engage in a spectacular campaign of "financing" the crop movement—something that is no business of the Government. The action of the Secretary in assuming to punish particular sections of the country by withholding public funds from the banks in those sections is impertinent and a misuse of the powers of his office. He does not seem to know that the scattering of these funds among thousands of small banks is a costly proceeding and that the effectiveness of his deposits might be

much greater were the deposits made in banks at the commercial centres only.

This Government meddling with banking operations is foolish, and the foolishness will be many times multiplied if the WILSON-GLASS-OWEN bill becomes a law.

Boston Convention of the American Bankers Association

ELSEWHERE in this issue of THE BANKERS MAGAZINE will be found extended reference to the convention of the American Bankers Association, which will be held at Boston October 6 to 10, and also some mention of New England in general and its capital city in particular.

Judging from the preliminary announcements, the Boston bankers are making extra exertions to insure the success of the convention from the entertainment standpoint, and there is every indication that the meeting will be in all respects one of particular interest.

Suppose the currency discussion should drag along through Congress until the middle of October, then the Boston meeting would doubtless become the scene of a heated controversy over the GLASS-OWEN bill. But long before the convention convenes the whole currency squabble may be over. Let us hope so. Yet there will be no lack of live topics for consideration and they will have adequate space on the programme.

The somewhat later date at which this year's convention will be held insures comfortable weather, which is one of the essential elements of success in meetings of this character. Hotel accommodations also promise to be ample.

Aside from the special attractions of the convention, the bankers of the coun-

try will be well repaid by a visit to Boston and other various points of interest in New England.

An Ingenious Financial Proposal

CURIOS proposals regarding the currency are not unknown to students of American finance. Here is one of the most curious we have seen lately, and it comes from the chairman of the Banking and Currency Committee of the United States Senate, Mr. OWEN:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is hereby authorized and directed, as gold certificates are received into the Treasury, or sub-treasuries of the United States, to have them cancelled and the gold represented by such certificates transferred to the Redemption Division of the Treasury, and in lieu of such cancelled gold certificates to issue Treasury notes of the United States, redeemable in gold at the Treasury of the United States at Washington, District of Columbia.

"The Secretary of the Treasury is further authorized, in his discretion, when requested to do so by national banks having outstanding national bank notes, secured by two per centum bonds, to purchase such bonds at par, and accrued interest, and to assume the redemption at par of the bank notes secured by such bonds, charging the amount of such notes against the proceeds of such two per centum bonds and paying the balance in cash to such national bank. Such two per centum bonds shall then be cancelled, and a like amount of twenty-year three per centum bonds shall be placed in the Redemption Division and the annual interest thereon credited to the funds of

the Redemption Division. When such national bank notes, the redemption of which has been thus assumed, shall come into the Treasury of the United States, they shall be cancelled and retired, and in lieu of such notes so cancelled and retired the Secretary of the Treasury shall issue Treasury notes in like amount."

Assuming that all the existing national bank notes should be retired and their place taken by the proposed Treasury notes, we should then have some seven hundred millions of additional legal tender "money" available as bank reserves, but based upon the credit of the Government, and the chief security for these notes would be the bonds, another obligation of the Government.

It is a good deal like a merchant having \$100,000 of his promissory notes outstanding, and who on being criticised by his bank for having so much paper afloat would reply, "Oh, that's all right. I have another \$100,000 of my notes on hand as a reserve against the \$100,000 outstanding." Or like the lady who on being reminded that her bank account was overdrawn, promptly fixed it up by sending a check for the amount of the overdraft.

Yet what a reflection it is upon the state of financial opinion in this country when such a proposal is seriously put forth by the man having in his charge the direction of banking legislation in the Senate of the United States!

Sound Doctrine from The Bankers Magazine

AFTER having devoured all the current summer fiction, which lay somewhat heavily on our mind, and desiring something of a lighter nature, we took down from the library shelves a bound volume of *THE BANKERS*

MAGAZINE for the year 1846. This somewhat ancient book resembles a Bible—if our memory of the sacred volume is not at fault—and differs very much in appearance from the smart looking volumes containing *THE BANKERS MAGAZINE* of the twentieth century. Whether this difference is for good or bad is a matter for those who believe that the old is better than the new or vice versa. Be that as it may, here are some extracts from a pamphlet appearing in the number referred to, entitled "Remarks on Currency and Banking," the author being Mr. NATHAN APPLETON, who was a distinguished citizen of Boston.

"Bank notes," says Mr. APPLETON, "are promises to pay on demand a given quantity of coin; they are promises to pay money, but they are not money in themselves. This is an important distinction, and the not making of it is the source of most of the popular errors on the subject of currency."

This was written in 1841, long before the present national bank notes, so-called, came into being.

We must skip over a great deal that Mr. APPLETON says, but cannot refrain from quoting this:

"Bank credits, commonly called deposits, are of precisely the same character as bank notes. * * * Bank notes and bank credits are convertible into each other at the pleasure of the possessor. They are essentially the same."

If the banking and currency committees of the House and Senate could get these two simple truths into their heads, and forget everything else they think they know about currency and banking, they might make some progress toward sound legislation.

But we must not dwell on the truths contained in these two paragraphs, even though they are worth all the costly volumes issued by Mr. ALDRICH's Na-

tional Monetary Commission. Here is another fundamental:

"The place where a bank note is payable is of the utmost importance to secure its general circulation at par with specie. That place must be the commercial centre of the district through which it is to circulate."

We are almost tempted to inquire of Mr. OWEN, Mr. GLASS and Mr. WILSON, "Did you get that?" But we refrain because such language would be highly indecorous in a publication whose beginning dates back to 1846.

As those who conducted THE BANKERS MAGAZINE in that far-away time have long since passed over to the silent majority, we need not apologize for these quotations. There is just one other statement in Mr. APPLETON'S "remarks" which we wish to reproduce:

"No expectation of forbearance or indulgence should be encouraged. Favor and benevolence are not the attributes of good banking. Strict justice and the rigid performance of contracts are its proper foundation."

Will the National Banking System Gradually Dis-integrate?

CHANGE of any kind fills the human mind with apprehension and alarm. It is not so much the actual pain of dissolution, which medical men declare to be slight, as the dread of something after death—the unknown—which causes mankind to shrink before the approach of the King of Terrors.

This dread of change confronts the reformer at every step. It is a serious obstacle to the world's progress. "Let well enough alone" is a cry that few of us can resist.

No doubt bankers in all things relating to the machinery for conducting

their business are averse to change. They have grown up under the present system, know just how it works and what they may expect. Were a new system of banking machinery set up, even though much better than that now existing, they would look upon it at first with disfavor and would be slow in adopting it in the absence of compulsory statutes. They are especially skeptical as to the superior advantages of any new system.

The indisposition of bankers to sanction a change in the present system of banking machinery is not to be rashly criticised. In so important a matter of business, men may be pardoned for not wishing hurriedly to abandon the time-tried for the new-fangled. They know that under the existing system they have been successful, but do not know, in the absence of experience, how they would fare under the new.

But making due allowances for all these considerations, it may nevertheless be possible that the apprehension of bankers over any change in the country's banking system like that proposed in the GLASS-OWEN bill is somewhat exaggerated. Should the bill become a law, after being carefully amended, and if wisely administered, it may in its operations be much less disastrous than some of its opponents fear.

In discussing the effects of this new measure it is well to give due weight to the factors mentioned.

When the National Banking Act was proposed, it was vigorously denounced in a report made to the New York Clearing-House Association by a committee of that organization.

The chief difficulty the national banks have had to encounter in competition with State banks and trust companies has been that these institutions are endowed with a number of profitable functions denied to the national banks. But the bill now before Congress will,

in a measure at least, overcome this obstacle by granting to the national banks the right to act as trustees, to conduct savings departments and to make loans on real estate.

These concessions will to some extent tend to place the different classes of banks on an equality.

The most ominous feature in the GLASS-OWEN bill is the proposal that the Government shall compel the national banks to contribute a portion of their capital in organizing other banks whose profits are in part appropriated by the Government.

If the Federal Government can compel the national banks to contribute the capital with which to set up competing institutions and at the same time fix the returns the national banks may receive on such investment, this may be the beginning of the end of national banking, and the national banks, alarmed over the first application of the socialistic idea that even a portion of a bank's investment return may be confiscated by the Government, may seek refuge under the more liberal State banking systems.

If the Government is to take over the exclusive issue of the currency, will there longer exist any adequate reason for the continuation of the national banking system? Treasury notes can be lent to State banks quite as well as to those chartered by the Federal Government, for the main consideration in this case is the quality of the security tendered for the loan.

The superiority in point of laws under which they operate and on account of the better Federal examination which long distinguished the national bank is now disappearing as the State banking laws and methods of inspection improve. There are some exceptions, of course, but generally the State banks are operating under good laws and a careful system of inspection.

There is some advantage, however,

in dealing with banks known to be under a uniform system of laws and examinations, and that superiority the national banks will retain. Whether this would be a sufficient inducement to keep capital in the national banking system, in the face of the restrictions mentioned, is the question.

In considering the pending banking bill it should not be lost sight of that the ruling political party was once violently opposed to the national banking system, and there are traces of this hostility in the bill under consideration.

Death of William B. Greene

THERE died at Avon Lake, Ohio, on July 28 a gentleman who in his day exercised a very powerful influence on the banking and financial thought of the United States. This was WILLIAM B. GREENE, former chief of division in the Bureau of the Comptroller of the Currency, a trusted adviser of the late Hon. JOHN J. KNOX, a former Secretary of the American Bankers Association, and for many years a member of the editorial staff of this MAGAZINE.

Mr. GREENE was a man of scholarly tastes, possessed an intimate knowledge of banking and currency, and was a fluent and able writer. While in the Comptroller's Bureau he assisted in preparing the Comptroller's Annual Reports, particularly in collecting historical matter in relation to banking and currency. Some of the material thus collected under the direction of Comptroller KNOX was later used as a basis of "Knox's History of Banking in the United States."

As secretary of the American Bankers Association in the early days of that organization Mr. GREENE did much to make the association respected by the bankers of the country. He had the

ability to converse or correspond with the great financial authorities of this and other lands, and to meet with them on terms of intellectual equality. His financial writings, though characterized by wide and acute information, were entirely free from anything resembling the dogmatic or oracular. While independently adhering to his beliefs, he was always conciliatory and diplomatic in expressing his opinions. His literary style was charming and he was fond of quoting from classical writers and citing historical precedents. Even the dry subject of finance he made interesting, illuminating his writings with frequent flashes of humor.

Mr. GREENE was one of the first to perceive the defects in our bond-secured bank-note currency, and his persistent calling attention to these defects in the pages of this MAGAZINE had much to do with convincing the bankers of the country that some other method of securing bank circulation was desirable. He proposed a novel plan of "impounding" the greenbacks—a suggestion adopted by Secretary CARLISLE in one of his reports. Long before the National Reserve Association plan was thought of, Mr. GREENE advocated a large bankers' bank.

About twenty years ago Mr. GREENE purchased a farm on the shores of Lake Erie, not far from Cleveland, and successfully engaged in the culture of grapes and other fruit. At the time of his death, which occurred somewhat suddenly, he was preparing to remove to California, where some of his children reside. He was sixty-eight years of age, but had been in vigorous health up to a few days before he died.

Mr. GREENE was of a retiring disposition, never in any way putting forward any claims for himself. He deserves to be well remembered for the work he did in behalf of sound banking and finance as well as for his delightful personal qualities.

An Additional Summer Annoyance

WHAT with the high price of ice, the heat, pestiferous insects, the noise, the unreasonableness of the other fellow, and all the petty vexations that make life in the summer not exactly a replica of paradise, one would gladly escape any further source of mental or physical discomfort. But to all these woes a heated currency discussion has been added. The antagonists start out almost invariably with two assumptions: on one side that the Government is trying to hold up the banks; on the other, that the banks will, if their rapacity be not checked by the Government, despoil the people. In all this there is an absence of that sweet reasonableness and calm, judicial frame of mind out of which alone are supposedly produced right conclusions.

But the fact is that this heated discussion of the banking and currency problem will result in good. Both sides are having their inning, and it would be an excellent thing if the debate would go on for at least a year. Congress does not yet appear to have reached a decision indicating that it knows all that is to be learned on the subject, while the average voter is even less well informed.

If there is much else in the whole matter than this, we are unable to see it, namely, legislate so that the banks shall have the largest degree of freedom compatible with safety in managing their business, and link all the banks together through clearing-houses at convenient centres, the Government appointing an inspector to supervise these clearing-houses so as to insure fair play to all the banks and to the people.

Too many learned doctors have muddled the banking and currency problem. This is the whole thing in a nutshell: organized supervision of bank-

ing by bankers to see that the rules of sound banking are observed; supervision of such organized control by the Government to see that fair play is observed all around.

Having this, the banks could then issue and redeem their credit notes and might be allowed to let their reserves fall temporarily at certain seasons.

Treasury Financing the Crop Movement

ON July 31 Secretary McAdoo announced that the Treasury would deposit from twenty-five to fifty millions of public funds in national banks in the principal Southern and Western cities to aid in harvesting and marketing the crops, preference in allotting the deposits to be given to banks having outstanding bank circulation to the extent of forty per cent. of their capital.

The Secretary also announced that as security for such deposits he would accept Government bonds at par, State and city bonds at seventy-five per cent. of their face value, and commercial paper at sixty-five per cent. of its face.

In including commercial paper as security for public deposits Secretary McAdoo establishes a precedent. Prior to 1903, when Secretary SHAW decided to accept as security other bonds than those of the United States, the latter had been the only class of securities so employed. At that time there was some discussion of the Secretary's right under the law to accept any other securities except obligations of the United States, but his action has never been made the subject of inquiry by the courts or by Congress.

Before making the announcement referred to, Secretary McAdoo had issued a statement declaring that the national banks were conspiring to depress the price of the two per cent. bonds.

As the banks hold nearly seven hundred millions of these bonds, the thought does not seem to have occurred to the Secretary that they would be playing an exceedingly dangerous game in attempting to depress the price of their own property. The banker who tries to lessen the value of anything he owns and may wish to sell is a type with which we are unfamiliar. His existence outside the heated atmosphere of Washington may well be questioned.

The two per cent. bonds have gone below par for a variety of reasons. In the first place, practically all investment securities have shrunk amazingly in the past few months. It would be miraculous had the United States two per cent. bonds escaped this scaling-down process. But for their employment as a basis for bank circulation, they would have gone much lower than they have.

Actually, instead of conspiring to depress the value of United States bonds, the national banks of the country, by purchasing some seven hundred millions of these securities and employing them as a basis for bank circulation, have sustained the bonds above par for a long time. Does anybody imagine that without this banking support the two per cents. could have been placed at par?

Secretary McAdoo cannot be ignorant of the fact that it is this support which has greatly aided in keeping up the price of the two per cents.

No doubt some banks have sold their bonds, as they had a perfect right to do, under the belief that the new currency bill, if adopted, would not make it desirable to hold these securities. Of course, if the Secretary's contention is true, that the banks are selling their bonds for the purpose of defeating the bill or securing its amendment to their liking, they are acting reprehensibly; but this is a matter to be substantiated

by something more than mere assertion.

The wisdom of the policy of accepting other than Government bonds as security for public deposits may well be questioned.

Does this practice of itself not tend to depress the price of the Governments? Were they the only security available for this purpose, that would place them in a class by themselves, increase the demand for them and thus enhance their price. But with the bulk of the bonds already pledged to secure circulation, the Secretary no doubt deemed it wise to accept other bonds and even commercial paper. The acceptance of the latter kind of security will make it easier for some of the small Southern and Western banks to get a share of the public deposits, for they do not in many cases possess the other class of securities. While the deposits are to be confined to the larger cities, the smaller banks will share in the distribution indirectly, obtaining a loan from the larger institutions.

Treasury Notes an Element of Danger

ONE of the most dangerous elements in the GLASS-OWEN bill is the proposal to issue \$500,000,000 of additional Treasury notes. As a matter of fact this proposed new form of currency is essentially a bank note, but the mere calling it a Treasury note and imposing upon the Government responsibility for its payment may have a bad effect.

In the first place, these new notes will perpetuate in the public mind all the dangerous fallacies attaching to a Government currency, and that of itself is a sufficient reason why the notes should be called by their right name. A great deal of the difficulty with our currency has been due to miseducation on the subject, and we cannot too soon

begin the correction of one of the most glaring of monetary fallacies.

But there is a much more potent element of danger attaching to these notes, namely, the certainty that they will be used as reserves by State banks and trust companies.

The present volume of Treasury notes, or "greenbacks" as they are more commonly called, is just a little short of \$350,000,000. These are Government credit instruments, but they are supported by a gold reserve of \$150,000,000. (Actually this reserve is also a protection against the possible depreciation of the silver dollars and certificates also.)

Now, these notes are by law available for use as bank reserves and they are so employed to a large extent. Will not the new Treasury notes, which in addition to being obligations of the Government are a first lien on the assets of the banks receiving them, are secured by a gold reserve of $33\frac{1}{3}$ per cent., and are not issued except upon the deposit of collateral security—will not these new Treasury notes be just as good for bank reserves as the \$346,000,000 of greenbacks now outstanding? So far as quality or security is concerned, the new notes will be superior to the old; and it is very difficult to understand how the Government can discriminate between two kinds of its own demand obligations, especially to make the really better form of note not available for a purpose for which the less desirable obligation may be employed.

If the new Treasury notes are declared to be unavailable for the reserves of national banks, no doubt they will nevertheless be used as reserves by the far more numerous State banks and trust companies.

Already these institutions are so using portions of the \$346,000,000 of greenbacks, \$500,000,000 of silver and \$700,000,000 of national bank notes,

and now it is proposed to add to this mass of money only partially covered by coin—only slightly so by gold—\$500,000,000 more of Treasury paper currency with a gold cover of one-third.

In other words, the billions of credit structure of the State banks and trust companies (and of many of the national banks as well) is being erected largely upon a paper basis.

The true way to establish a safe form of money for reserves would be by gradually recoinng the silver dollars into subsidiary pieces, and changing the greenbacks into gold certificates, leaving the real money of the country gold coin, and for currency purposes gold certificates and bank notes.

Even then the State banks would no doubt continue to count bank notes as reserves. We do not see how this could well be prevented, for the States show little disposition to limit banking reserves to any particular kind of money. Perhaps the object might be attained if Congress would lay a tax upon any bank (or new "Treasury" notes) found in the reserves of State banks and trust companies. This, however, would be a difficult proceeding.

The contention made above is by no means theoretical. The British banking system of to-day owes no inconsiderable part of its strength to the fact that there is practically no uncovered paper currency that can be used as bank reserves, and the periodic weakness of the German system has been due in part to precisely opposite conditions, for the notes of the Reichsbank are only required to be covered by a gold reserve of one-third, and these notes constitute in fact a large portion of the reserves of the German banks.

Were all the commercial banks of the United States under the Federal system, the problem of prescribing

gold as the only proper form of bank reserves would be a simple one; but with the numerous State banking systems, it is a very difficult one.

Nevertheless, there is no single question of so much moment in the establishment of a sound banking and credit system for the United States as this, namely, that the reserve of every bank of discount shall be gold coin or a certificate representing an exact equivalent of gold on deposit with a responsible trustee.

Canada's New Bank Act

REVISION of the Banking Act in

Canada is not so serious a matter as is the revision of our National Bank Act. In Canada, when anything develops in the working of the Bank Act that seems unsatisfactory either to the public or the banks, the matter is taken up in Parliament, soberly debated, and the necessary changes made. There is no upsetting of the whole system, no putting forward of untried and perhaps dangerous expedients, no seeking for new principles of issuing notes, and no drastic proposals for Government control of the banks.

In Canada many of the banking functions, instead of being supervised by the Government, are left to the control of the Canadian Bankers Association, an incorporated body.

There is a striking contrast between the elaborate reserve provisions of our National Bank Act and the simple requirement of the Canadian Act, that of whatever reserves the banks may keep in Canada, forty per cent. shall be in Dominion notes; no compulsory requirement as to the amount of reserves to be kept.

Now, we know that there is a vast difference between the Canadian banking system and our own, and we are far from saying that it would be wise

to give our banks the same latitude in the management of their reserves as is enjoyed by the Dominion banks. But we feel sure that the national banks of the central reserve and reserve cities, under the regulations of their clearing-house associations, might be allowed some reasonable latitude in the use of their reserves, and that if this were done, under careful precautions, the rigidity of credit in this country would be measurably relaxed, and the reserve banks would be in a much better position to meet fluctuations in the demand for credit than they now are.* In other words, that a fixed law of reserves—possibly necessary in some cases—greatly hampers the freedom of credit, and substitutes for the judgment of bankers as applied to the circumstances

of the time, an arbitrary, invariable rule fixed by the Government.

A complete throwing down of the bars in regard to bank reserves is undoubtedly impracticable under our banking system; but the banks in our chief commercial centres, acting under their clearing-house regulations, might safely be given a large measure of that freedom in handling their reserves possessed by the Canadian banks.

We wish that the members of the banking and currency committees of the House and Senate might attentively study the new Canadian Bank Act, and more especially those provisions of it relating to bank reserves (there is very little on that subject in the Act) and the issue and redemption of bank notes.

Convenience for the Customer

BY C. F. HAMSHER, ASSISTANT CASHIER SAVINGS UNION BANK AND TRUST COMPANY, SAN FRANCISCO, CAL.

THE Savings Union Bank and Trust Company of San Francisco has found a statement envelope more convenient for the rendering of statements to commercial customers than any other method in use.

As an original touch, on the back of the statement is the following:

TO PROVE THE BALANCE SHOWN ON THIS STATEMENT.

1. Sort the checks enclosed in the envelope numerically or by date issued;
2. Check off on the stub of your check book each of the checks paid by the bank;
3. If your stubs show some checks not yet paid by the bank, subtract their total from the balance as shown by the bank balance and the result

should be the same as shown on your check book.

From bank balance.....	\$.....
Subtract outstanding checks.....	.....
Check book balance.....	.....

4. Should you have mailed a deposit to the bank, which does not yet show on the statement, it will be necessary to add this amount to the sum of the bank balance and subtract outstanding checks, the result being the check book balance.

To bank balance.....	\$.....
Add deposit not on statement.....	.....
Total	\$.....
Subtract outstanding checks.....	.....
Check book balance.....	.....

As far as known the Savings Union is the only bank giving specific in-

structions to its depositors for their use, that they may reconcile the statement they receive from the bank.

CHECK BOOKS.

Having a number of styles of check books much confusion has been overcome by designating fillers for check book and pocket check books by a form number or letter. For example: In each leather cover is printed: "In ordering a further supply of checks for this cover, request filler A," each different style of filler or cover having a different letter. In the same way check books have printed therein: "When ordering another check book like this, request check book C-25," the twenty-five referring to the number of checks in the book. If a book of fifty checks is wanted the designation is "C-50."

We also have printed in the front of all our check books, large or small, the following:

GUARD AGAINST FRAUD!

Draw all your checks from your own book.

Number your checks in regular succession.

Write plainly. Use plenty of good

black ink, and allow it to penetrate the fiber of the paper before blotting. We do not pay checks written with pencil.

Begin writing and figures close to left-hand margin, and leave no space for additions or alterations.

See that the figures correspond with the body of check, and that dollars are plainly separated from cents, thus: \$100 75/100 or \$100 x/100.

Keep this check book in your safe when not in use.

Statements of account may be obtained at any time.

About two-thirds of the way through each book of customers' checks which we furnish imprinted is inserted a form after the following:

Checks to Page Begin new book with No.

In view of the fact that this book will soon be exhausted, and assuming that you desire to receive a new one without delay, we suggest that you send us this blank, giving your order on the same.

SAVINGS UNION BANK AND TRUST CO.

We found that customers, before we adopted the use of this form, were frequently inconvenienced by the delay in getting a new book from the printer, owing to the fact that they had not ordered a sufficient time in advance.

Bank Deposit Guaranty in Kansas

THERE are 919 State banks in Kansas, of which 473 are now under the bank depositors' guaranty law, says the "Kansas Banker."

The amount in the fund created by assessments and available to pay losses, as shown by the books of the State Treasurer, is \$111,159.54. Since the law went into effect, June 30, 1909, but a single assessment each year has been levied, and the fund has not at any time been drawn upon. The amount of bonds and cash deposited in the "good faith" fund and held by the State as collateral to guarantee the payment of assessments, aggregates

\$355,977.10. During the present year a considerable number of new banks have been instituted, many of which will doubtless become guaranteed banks as soon as eligible under the law.

How immeasurably superior, says the publication quoted, is the Kansas law, with its optional features—optional to enter the system or not in the first place, and optional to withdraw at pleasure after having once entered—how infinitely to be preferred over any compulsory system, some conspicuous examples of which are not far from our borders.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

Recent Decisions of Interest to Bankers

Private Bankers

NEW YORK STATUTE—DEPOSIT WITH
STATE COMPTROLLER—WHAT CRED-
ITORS ENTITLED TO.

United States Circuit Court of Appeals,
Second Circuit, April 14, 1913.

IN RE ROSETT, ET AL.

The deposit required to be made by a private banker with the Comptroller of the State of New York will be distributable, in case of such banker's insolvency, among only such creditors as did banking business with him in New York.

BEFORE LACOMBE, WARD and
NOYES, *Circuit Judges*.

Moritz and Max Rosett, partners composing the firm of M. Rosett, were adjudicated bankrupts, both individually and as a firm, in an involuntary proceeding. The firm had carried on the business of private bankers at 197 Stanton street, in this city, and at branches in New Jersey, Pennsylvania and Ohio. The accounts of all these offices were kept at 114 Liberty street, New York City, where no banking business was done. In accordance with the provisions of sections 25 and 29d of chapter 393, Laws of 1911, amending the General Business Law (Consol. Laws 1909, c. 20), the firm deposited corporate stock of the city of New York of a value of \$100,000 with the state Comptroller, who, under an order of the District Court, turned the stock over to the trustee in bankruptcy, who converted the same into cash.

WARD, *Circuit Judge*: The question in the case is whether this fund is distributable among all the creditors who did banking business with the bankrupts or only among such creditors as did banking business with them in the city of New York. The referee took the former, and Judge Holt, on a peti-

tion to revise, the latter, view. We agree with Judge Holt.

Section 25 provides that no individual or partnership shall engage in the business of receiving deposits of money for safe-keeping, or for the purpose of transmission to another, or for any other purpose, in cities of the first class, except upon certain conditions, among others, the depositing of moneys or securities with the State Comptroller and the giving of a bond to him to secure the faithful performance of their engagements in the business. Upon conforming with the provisions of the section, the applicant is entitled to receive from the Comptroller a license to do business at the place indicated in it. The section further provides:

"The money and securities deposited with the Comptroller as herein provided and the money which in case of default shall be paid on the aforesaid bond by any applicant or the surety thereof shall constitute a trust fund for the benefit of the depositors of the license and of such persons as shall deliver money to such licensee for transmission to another, and such beneficiaries shall be entitled to an absolute preference as to such moneys or securities over all general creditors of the licensee. Such money and securities shall in the event of the insolvency or bankruptcy of the licensee be delivered by the Comptroller on the order or judgment of a court of competent jurisdiction to the assignee, receiver or trustee of the licensee designated in such order or judgment."

Section 29d is as follows:

"Exceptions. The foregoing provision shall not apply * * * (5) to any individual or partnership who would otherwise be required to comply

with section 25 of this article who shall file with the Comptroller a bond in the sum of \$100,000 approved by the Comptroller as to form and sufficiency, for the purpose and conditioned as in the said section prescribed, where the business is conducted in a city having a population of 1,000,000 or over and if conducted elsewhere in the State such bond shall be in the sum of \$50,000, or in lieu thereof money or securities approved by the Comptroller of the same amount. The provisions of section 29a shall be applicable to such bond or deposit of money or securities."

It is quite clear that the Legislature was regulating the business of banking to be done within the State of New York and was speaking of cities and places within that State. The business the bankrupts were licensed to do within the State of New York was to be done subject to this law, and what business they did in their branches in other States was subject to regulation, not by the laws of New York, but by the laws of those States. Every State has a constitutional right to regulate such business. *Engel vs. O'Malley*, 219 U. S. 128. In point of fact, the bankrupts did have licenses from the States of New Jersey and Ohio to do the business of banking within those States. None was required in Pennsylvania.

The bankrupts took advantage of the foregoing exception—29d (5). Although they received no written license as provided in section 25, they were none the less quite as effectually licensed; i. e., in consideration of their compliance with the provisions of the exception they were permitted—that is, they were licensed—to do banking business in New York City. Inasmuch as the exception provides that the securities delivered and the bond given to the Comptroller are to be "for the purpose and conditioned as in said section (25) prescribed," their proceeds must now be applied as a trust fund for the benefit of the firm's customers who did deposit with and deliver money to it in New York City. In the language of section 25 it "shall constitute

a fund for the benefit of the depositors of the licensee and of such persons as shall deliver money to such licensee for transmission to others. * * *"

It is true that the branches are parts of the main concern, and that all those who dealt with the branches knew that to be the fact, and were creditors of the firm of equal standing. It is also true that the branches made daily reports and forwarded all moneys they received in excess of needs for current expenses to the office of the firm at 114 Liberty street. These facts, however, do not show that the moneys forwarded by the branches were deposits with or deliveries to the firm in New York by the customers of the branches, and do not bring those customers within the protection of this special fund of \$100,000.

The decree is affirmed.

Protest

WHEN EXCUSED—WHEN CHECK IS TAKEN
IN PAYMENT.

Court of Appeals of Kentucky, Feb. 18,
1913.

YOUNG VS. EXCHANGE BANK OF KENTUCKY.

Where a bank receives from the drawer and acceptor of a draft a check for the amount thereof, and stamps the draft "paid," and delivers up the same, it cannot afterwards, when the time for protesting the draft has expired, look to an indorser thereon, if the check should not be paid.

E. B. CARR and W. A. Young offered to the Exchange National Bank of Kentucky a draft for \$4,000 drawn by Carr upon himself to the order of Young, and payable at the Market Street National Bank of Philadelphia. The bank officers declined to take the same unless it should be indorsed by Mrs. Amelia A. Young, the mother of W. A. Young. The latter then procured the indorsement of Mrs. Young, and the draft was discounted by the bank. Two days before the maturity of the draft Young and Carr came to the bank and requested a renewal, which was refused. Carr there-

upon drew a check on the Market Street National Bank, in favor of Young, for \$4,000, and Young indorsed the check and delivered it to the bank in payment of the draft, and the bank officers stamped the draft "paid," and delivered it to Carr and Young. This check was forwarded for payment in due course of business, but was protested for non-payment four days after the day on which the draft had matured.

CARROLL, J. (omitting part of the opinion):

Taking up the second proposition advanced by counsel for the bank, we find it laid down, by all the authorities on commercial paper, that the failure to present paper in due time for payment, and to give notice of its non-payment, will be excused by accident or misfortune not attributable to the fault or voluntary act of the holder that makes it impracticable or impossible to do these things. The circumstances that will operate to excuse presentment and notice are stated in Story on Promissory Notes, § 257, as follows: "(1) Inevitable accident or overwhelming calamity; (2) prevalence of a malignant disease which suspends the ordinary operations of business; (3) the presence of political circumstances amounting to a virtual interruption and an obstruction of the ordinary negotiations of trade; (4) the breaking out of war between the country of the maker and that of the holder; (5) the occupation of the country where the parties live, or where the note is payable, by a public enemy, which suspends commercial intercourse; (6) public and positive interdictions and prohibitions of the state which obstruct or suspend commerce and intercourse; (7) the utter impracticability of finding the maker or ascertaining his place of residence."

In Story on Bills of Exchange, § 327, the foregoing excuses are substantially adopted, as they are in Parsons on Bills and Notes, vol. 1, p. 460, and in Randolph on Commercial Paper, vol. 3, §§ 1320-1355, and in Daniel on Ne-

gotiable Instruments, vol. 2, § 1170. The sum of the principle announced in these textbooks is stated in the Negotiable Instruments Law, §§ 81, 113, where it is said that delay in making presentment or in giving notice of dishonor "is excused when the delay is caused by circumstances beyond the control of the holder, and not imputable to his default, misconduct, or negligence."

As illustrative cases on the subject, we select out of a number the following: In *House vs. Adams & Co.*, 48 Pa. 261, and in *Berry vs. Southern Bank*, 2 Duv. 379, it was held that the cessation of mails and commercial intercourse during the late war between the states was a sufficient excuse for the omission to give due notice of the dishonor of a bill. In *Wilson vs. Senior*, 14 Wis. 380, it was held that the sickness of the holder of the note, if it was not only sudden but so severe as to prevent him from making the presentment and giving notice of non-payment, would furnish a good excuse. In *Windham Bank vs. Norton, Converse & Co.*, 22 Conn. 213, it was held that, where the failure to make presentment of a bill was caused by the mistake of the postmaster where it was mailed, this excused the failure to present it. In *Garver vs. Downie*, 33 Cal. 176, it was held that, where a notary, in good faith, made diligent inquiry of those most likely to know the residence of the indorsers, and acted upon the information so obtained in mailing them notice, the indorsers were not released, although the notice was sent to the wrong place. In *Salisbury vs. Bartleson*, 39 Minn., 365, it was held that, where the party entitled to notice had removed his residence without the knowledge of the person charged with the duty of giving notice, the failure to give notice in due time was excused. In *Pier vs. Heinrichshoffen*, 67 Mo. 163, it was held that the sudden and unexpected suspension of a bank, to which the note had been sent for collection and payment in due course of mail, excused the prompt giving of notice. In *Blodgett vs. Durgin*, 32 Vt. 361, it

was held that the holder of a note was excused from giving notice to an indorser, where he did not know the residence of the indorser, and could not ascertain it by diligent inquiry. In *Newbold vs. Boraef*, 155 Pa. 227, it was held that where a letter inclosing a bill was sent for presentment and protest to a notary, but not delivered to him by the letter carrier, because of his illness, this furnished a sufficient excuse for lack of due diligence in giving notice of protest.

In no one of the authorities cited, or in any other that we have examined, do we find a state of facts precisely like the facts shown by this record. But we think, when the principle announced in these authorities is applied to the facts of this case, that the excuse relied on for not giving Mrs. Young notice was not sufficient, and is not embraced by any of the rules laid down by the books. The failure to give the notice was not due to misfortune or casualty or unavoidable accident, or to any circumstance or condition beyond the control of the bank. It was due entirely to the voluntary act of the bank officers in accepting, in satisfaction of the draft, the check given to the bank by Carr and Young. Mrs. Young was not a party to this transaction. She had no notice or knowledge of it whatever, nor did she have any information of it until July 15, when the bank received notice of the non-payment of the check.

It seems clear that the bank officers were willing to and did accept the check in settlement of the draft, and that they freely trusted to the integrity and solvency of Carr and Young for its payment without ascertaining, as they could have done, from the bank, on which the check was drawn, whether or not it was good. Their conduct in accepting the check, and in surrendering the draft after stamping it "paid," manifested that they were willing at the time to look to the check given to them for the payment of the draft, and that they did not at that time intend to hold Mrs. Young liable on it, or anticipate

that they would be required to look to her for payment. If the bank had accepted a note from Carr and Young with other indorsers, in place of the draft, and had delivered the draft to Carr and Young, and it developed that the indorsers on the note were insolvent, it could scarcely be maintained that the bank, upon discovering the worthless character of the note it had accepted, could hold Mrs. Young liable; and we see no substantial difference between the supposed case and the one that actually exists.

When Mrs. Young indorsed this paper, the law wrote into the contract, for her benefit and protection, that she should have notice of the dishonor of the paper according to the course of commercial law, and, if not, that she should be released from liability. Or as said by Daniel on *Negotiable Instruments*, vol. 2, § 970: "It is regarded as entering as a condition in the contract of the drawer and indorser of a bill, and of the indorser of a note, that he shall only be bound in the event that acceptance or payment is demanded, and he notified if it is not made. And, in default of notice of non-acceptance or non-payment, the party entitled to notice is at once discharged, unless some excuse exists which exonerates the holder."

This being so, it would seem to follow, as an indisputable consequence, that when the bank voluntarily chose to accept the check and surrender the draft, and not to give notice of the non-payment of the draft at its maturity, Mrs. Young was discharged; and the fact that she may not have been damaged by the delay in giving her notice does not affect the question. Daniel on *Negotiable Instruments*, vol. 2 § 1170; Randolph on *Commercial Law*, vol. 3, § 1320; *Smith vs. Long*, 40 Mich. 555; *Wymore First National Bank vs. Miller*, 37 Neb. 500.

It may be admitted that the bank officers believed, in good faith, that the check would be paid; but this circumstance does not bring the transaction within the scope of any of the exceptions that will excuse notice. If the

holder of paper could absolve himself from the duty of giving notice by showing that he acted in good faith, or by showing that he mistakably trusted to the solvency of parties whose paper he accepted in place of other paper, it is obvious that the excuse for not giving notice in this class of cases would rest entirely in the judgment and discretion of the party charged with the duty of giving notice. The failure to give notice would be due entirely to circumstances within his control, and not to circumstances beyond his control. It would not be due to accident, misfortune, or other casualty. To sanction this as an excuse would be a departure from rules laid down by all the authorities and that have been adhered to without substantial change since their adoption in the early history of commercial law. We find no reason for enlarging or extending existing excuses that the experience of many years has pointed out as being sufficient.

For the reasons stated, the judgment is reversed, with directions to proceed in conformity with this opinion.

Letter of Credit

RELATION CREATED BY—PREFERENCE.

Supreme Court of New York, Appellate Division, First Department, April, 1913.

EDWARD D. TAUSSIG VS. CARNEGIE TRUST COMPANY, ET AL.

The issuance of a letter of credit by a banking institution establishes the relation of debtor and creditor.

No relation of trust arises from the issuance of a letter of credit.

The holder of a letter of credit issued by a trust company, which afterwards becomes insolvent, is not entitled to a preference in the distribution of the funds of such trust company.

APPEAL from judgment entered upon decision after trial at Special Term dismissing complaint on the merits.

Charles A. Taussig for appellant; Frank M. Patterson for respondents.

McLAUGHLIN, J.: Action to obtain

a preference over general creditors of the Carnegie Trust Company. The facts upon which a preference is claimed are not in dispute. The plaintiff, at the times hereinafter mentioned, was a retired rear admiral of the United States Navy, and as such receiving from the United States Government a salary of \$499.80 per month. During such time the Carnegie Trust Company was a domestic banking corporation, and as a part of its business issued letters of credit addressed to its foreign correspondents. In December, 1909, the plaintiff had an account with the trust company, but it was not sufficient to indemnify it for a letter of credit which he desired during an absence in Europe of several months. He laid the situation before the trust company and an agreement was thereupon entered into by which it issued to him a letter of credit addressed to its European correspondents for £600, payable at the rate of £100 monthly. To secure or indemnify the company against the issuance of such letter, and any amounts it might pay by reason thereof, he agreed that his salary should be deposited with it as the same fell due, and that he would not, without the consent of the trust company in writing, "revoke or in any way change the allotment which I have made of my pay as rear admiral, U. S. Navy, retired, in favor of the Carnegie Trust Company, during the life and validity of any letter of credit which shall be given to me by the Carnegie Trust Company." The plaintiff subsequently drew against the letter of credit for £595, and when the letter was returned the £595 was credited to his account. On the 19th of August, 1910, a new letter of credit in the same form, in the same amount and under the same conditions, was issued to the plaintiff, and the sum of £125 was thereafter drawn against it. After the issuance of the first letter of credit the trust company opened a new account on its books in the name of the plaintiff, which it designated as "Letter of Credit" account, the other account remaining as before. Thereafter there was received from the United States

Government and credited to that account \$6,197.40, and drafts against the letter of credit which were paid, charged against it, amounting to \$3,576.58. On January 7, 1911, the trust company became insolvent, and the superintendent of banks took charge of it for the purpose of liquidation. There was on that day standing to the plaintiff's credit in the letter of credit account \$2,920.82. He thereafter claimed he was entitled to a preference over general creditors for the amount of this credit, which was rejected as a preferred, but allowed as a general claim. Subsequently a dividend of \$737.64 was made on the claim, which left a balance due the plaintiff of \$2,183.18, and this action was brought to establish the same as a preferred claim. The complaint was dismissed, without costs, and he appeals.

I am of the opinion the complaint was properly dismissed. The relation existing between the plaintiff and the trust company, at the time the latter became insolvent, was that of debtor and creditor. The opening of the account and designating it "Letter of Credit" was a mere matter of convenience to the trust company. It did not hold the money credited to that account in trust for the plaintiff, and his interest was precisely the same in that credit as in the credit to the other account, and in neither case was he entitled to a preference (*Crawford vs. West Side Bank*, 100 N. Y., 50; *Aetna National Bank vs. Fourth National Bank*, 46 N. Y., 82; *People vs. St. Nicholas Bank*, 77 Hun, 159).

An authority in point is *Kuehne vs. Union Trust Co.* (133 Mich., 602). There money was paid to a bank for a letter of credit issued by it for and in the name of another bank under the former's agreement of indemnity, the money being placed with the other funds of the bank, and for convenience entered on its books to the credit of the purchaser, but in such a way as to prevent its withdrawal otherwise than by draft against the letter. It was held that this did not constitute a trust fund for the benefit of the bank liable on

and honoring the drafts drawn against such letter so as to entitle it to a preference over the general creditors of the other bank on the latter's insolvency.

It follows, therefore, that the judgment appealed from should be affirmed, with costs.

All concur.

Reports

MINNESOTA STATUTE—WITHHOLDING INFORMATION—WHAT AMOUNTS TO.

Supreme Court of Minnesota, May 16, 1913.

STATE VS. SHARP.

Under the statute of Minnesota, making it a felony for an officer of a bank to withhold any information called for by the Superintendent of Banks, the offense is committed whenever such an officer makes a false report irrespective of his intent.

DEFENDANT was indicted by the grand jury of Faribault county for the offense of withholding certain information, called for by the State Superintendent of Banks, under chapter 201, General Laws 1909 (Rev. Laws Supp. 1909 §§ 2126—1 to 2126—14). He demurred to the indictment. The trial court overruled the demurrer and certified the case to the Supreme Court.

HALLAM, J. (Omitting part of the opinion): The contention is that the offense of withholding information is not committed unless the same is wilfully withheld, that a person cannot be guilty of withholding any information unless he possesses such information, that a false report which the person making it does not know to be false, or a failure to state facts called for which he does not know to exist, cannot constitute an offense within this statute.

We cannot place so narrow a construction upon this statute. The statute does not make actual knowledge or criminal intent an essential ingredient of this offense. Of course, at common law intent to commit a crime is of the essence of the crime, and as a general rule, when an act is made an offense by statute, the statute is to be construed

in the light of the common law, and the existence of a criminal intent is held essential. But this depends on the subject matter and the language of the statute, and when without reference to knowledge or intent the statute makes an act an offense, any person who does the forbidden act violates the law, regardless of his knowledge or intent. *State vs. Heck*, 28 Minn. 549. The question of intent is not material in this class of statutory offenses. Such statutes are in the nature of police regulations, and impose a penalty irrespective of intent to violate them; the object being to require a degree of diligence for the protection of the public which shall render violation impossible. The statute makes the act criminal without regard to the intent. The gist of the offense was the withholding of information, and the offense was committed if the defendant made a false report in response to a call for true information. The statement that such

a report was wilfully false was unnecessary. *State vs. Edwards*, 94 Minn. 225, 102 N. W. 697, 69 L. R. A. 667; *State vs. Quackenbush*, 98 Minn. 515, 108 N. W. 958; *United States vs. Allen* (D. C.) 47 Fed. 699.

The construction contended for by defendant as applied to reports made by the executive officers of the bank would almost wholly destroy its effectiveness. This bank was the custodian of the funds of its depositors. Its principal business was to invest and safeguard those funds. This defendant was the chief executive officer of the bank. It was his business to know whether the reports he made were true or false, and he cannot be heard to say that he possessed no knowledge of the truth or falsity of the reports which he makes pursuant to a call of the Superintendent of banks.

We hold that the acts charged in the indictment constitute an offense within the statute.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Payee—Identification of Person Having Same Name

JACKSONVILLE, FLA., Aug. 10, 1913.

Editor Bankers Magazine:

SIR: We are writing you for some information as to a bank's responsibility in accepting identifications on checks in the following case:

Thos. Jones gives John Smith a check for \$100. The check falls into the hands of the wrong John Smith, who furnishes identification, and the money is paid to him.

We are desirous of knowing if a bank is responsible for paying this to the correct John Smith? We have been informed that there have been some important decisions along this line, and that you could set us right as to just where the bank's responsibility ends in this matter.

D. D. UPCHURCH, Cashier.

Answer: The general rule is that a bank is bound to ascertain that the person to whom it pays a check is the genuine payee, or a person lawfully claiming under that payee, and that it is no defense to the bank that it paid

the check in the regular course of business with nothing to excite suspicion to a person bearing the same name as the payee. (*Graves vs. American Exchange Bank*, 17 N. Y. 205.)

The matter was stated in a very practical way in an English case, where it was said by Ashurst, J.:

"In order to derive a legal title to a bill of exchange, it is necessary to prove the handwriting of the payee, and, therefore, though the bill may come by mistake into the hands of another person though of the same name with the payee, yet his indorsement will not confer a title;" and by Buller, J.:

"I am of the opinion that it is incumbent on a plaintiff who sues on a bill of exchange to prove the indorsement of the person to whom it is really payable; here it is clear that the indorsement was not made by the same H. Davis to whom the bill was made payable, and no indorsement by any

other person will give any title whatever."

In the New York case cited above, Harvey C. Hurd, of Perrysburgh, N. Y., being indebted to Charles F. Graves, of Mendota, Illinois, procured from a banker at Fredonia, N. Y., a draft upon the American Exchange Bank of New York, payable to "Charles F. Graves or order." By mistake, Hurd sent the draft to La Salle, Ill., where it fell into the hands of another person of the name of Charles F. Graves, who transferred it for full value to one Baldwin, by whom it was indorsed to parties who presented it to the drawee, the American Exchange Bank, which paid the same in the ordinary course of its banking business without notice of any interest or claim of the Charles F. Graves of Mendota. In an action by the latter for the conversion of the draft the bank was held liable for the amount thereof.

It will be noticed that in this case the negligence of Hurd contributed to the mistake, and under the modern rule this might afford the bank a defense. (*First Nat. Bank of Danvers vs. First Nat. Bank of Salem*, 151 Mass. 280; *Peoples Nat. Bank vs. Franklin Bank*, 88 Tenn. 299.) But in the absence of negligence on the part of the drawer, there can be no doubt that the bank is bound to know that the person who has indorsed the check is the person intended as the payee, and not merely a person of that name.

Certificate of Deposit—Two or More Payees—Indorsement

OKAWVILLE, ILL., Aug. 29, 1913.

Editor Bankers Magazine:

SIR: When parties deposit money payable to, say, John Doe or his wife Kate, can either draw the money when the certificate says "payable to either"? And in case of death of one of the parties is it safe for the bank to pay the certificate to the surviving one or must they only pay to the administrator?

F. MOEHLE, Cashier.

Answer: The Negotiable Instruments Law provides that such an instrument may be drawn payable to the order of * * * one or some of several payees. (Sec. 27, N. Y. Act; Sec. 8, Commissioner's Draft). There is, therefore, no reason why a certificate of deposit may not be drawn payable to "John Doe or Kate Doe"; and in such case the indorsement of either is sufficient to pass the title, and the bank is authorized to make payment according to the tenor of the paper, that is to say, to either of the two persons named as payees. In cases of this kind the element of survivorship is not important; for whether both payees be living or one be dead, payment may be made to the one presenting the paper. In this respect the case is very different from that where the certificate is made payable to John Doe and Kate Doe. In the latter case the question of survivorship may be largely a question of fact, and, hence, the consent of the executor or administrator of the deceased payee may be necessary to the protection of the bank.

New Counterfeit \$5 Silver Certificate (Indian Head)

SERIES 1899; check letter "C"; face plate No. 1646; back plate No. 988; J. C. Napier, Register of the Treasury; Lee McClung, Treasurer of the United States.

This counterfeit is apparently printed from crudely etched plates on fair quality of bond paper, ink lines being used to imitate the silk fiber of the genuine.

The seal number and large V with superimposed FIVE are printed in light blue; in some instances it looks green. The Indian portrait is very poor. The back of the note is printed a grass green and there has been very little attempt made to imitate the lathe work on the back of the note.

This counterfeit should not deceive the ordinarily careful handler of money.

Rules for the Selection of Commercial Paper

By C. B. HAZLEWOOD, SECRETARY UNION TRUST COMPANY, CHICAGO.

IN passing on any piece of paper presented to a bank, these questions may be profitably asked:

Is the broker responsible, morally and financially?

If a broker has a conscience and only takes on the obligations of concerns whom he has thoroughly investigated and who he is satisfied are safe credit risks, then the buyer of his wares can have a certain degree of confidence in the paper that is offered by him to start with. Your correspondents in New York, Philadelphia and Baltimore could advise you safely on this point and could suggest the names of three or four reliable brokers to you.

Is the business of the borrower a good substantial one?

This is an important question from the standpoint of general business conditions. A manufacturer in a luxury line, for example, might have difficulty in times of depression.

Is the borrower's business a different line from that which you are loaning to locally?

It is a good scheme to diversify your loans. If, for example, you have as your principal local industry tanning or dairying, it would probably be good judgment not to buy paper of tanning or dairying concerns.

Has the borrower enough capital?

Dun's figures show that seventy per cent. of the failures in any given year are due to lack of capital. Even the best concern may grow too fast, get sprawled out, invest too much in permanent assets and not be able to meet their bills or notes when they become due.

Is the management honest?

This is, of course, a fundamental question. The very soundest concern

in the country with ample capital could be put in a receiver's hands in rapid time if some new management comes in and is crooked with the stockholders and crooked with the creditors.

Is the management capable and energetic?

Competition nowadays is pretty strong, especially in any line of business where the margin of profit is small. You must know that those at the head of the business have long experience in it, have the brains and ability not only to manufacture the product, push the sales, but also to properly finance the business as a whole.

Does the financial statement show a good proportion of quick assets to current debt?

A good, live concern in almost any line of business should be able to exhibit enough quick assets to pay off the liabilities at least twice over. Some credit men absolutely insist upon a ratio of two for one of quick assets to debts, but probably, like everything else, it is not wise to make this rule hard and fast.

Are the quick assets really quick?

You can count on it that the debts of a concern are equal to their face value, dollar for dollar. We should be sure that the quick assets are also clean and readily convertible. An account that has been running on the books for a year and is past due should not be called a quick asset, and neither should merchandise that is out of date or unsalable. Of course, without actual investigation in person, the banker can only surmise about these matters, but a shrewd loaner of money can pretty nearly tell from the appearance of the statement, taking into consideration the line of business, how this would be.

Are the accounts and bills receivable for a short time and being constantly turned over?

When we buy a corporation's note, usually for four or six months' maturity, we ought to know that the corporation is likely to receive returns from sales of their merchandise in an equally short time, so that they are not depending on re-borrowing to pay off maturing obligations. You would not take notes from your customer for discount that run two or three years as a general thing, and there is no reason why we should loan against this kind of assets shown by a corporation in its statement.

Do the accounts receivable bear the proper ratio to the merchandise on hand? In other words, are they converting their merchandise into accounts receivable and not allowing it to accumulate on their floors?

We can determine about this if we know their total volume of sales and terms of their sales. For instance, if they sell on ninety-day terms and get their money on an average of four months and their total sales are \$900,000 we would conclude that their amount of merchandise at any one time should be about \$300,000, or one-third of their total sales. In this case we assume they turn over their money three times a year.

Are they carrying enough cash balances to be on the safe side?

Different concerns look at this proposition differently. For a concern that is borrowing from only one bank it is perhaps not so important that they carry large cash balances, providing the bank does not insist on it. If, however, they are seeking credit from banks all over the country by placing their paper through brokers they should be able to show that they will be able to take up any part of their obligations if presented without any difficulty. This means that they ought to have a good-sized cash balance.

Have they adequate bank facilities?

This is a very important point because if a borrower, especially in a country town, has his borrowing shut off through brokers by reasons of financial depression, he has to fall back on his own banks. It is important to see, therefore, that the borrower has enough banks and enough loaning power to take care of his total requirements. The cleanest proposition is for a concern to have one or more banks with lines of credit definitely established for its maximum requirements, and then to put out its paper through the brokers for the advantage of lower money rates, leaving the bank lines open.

Is the physical property in good shape?

Of course this is important. While a banker does not look at the items of plant and machinery as closely as those in the quick asset column, yet it is very important to know that the manufacturer, for instance, has a good plant, well adapted to his uses, well protected from fire loss and conveniently situated to transportation. This naturally brings up the next question.

Is depreciation on the permanent investment taken care of?

The banker should insist that the borrower depreciate the book value of his plant and equipment each year corresponding to their actual loss in value through use. The conservative manufacturer will always do this, as he does not want to fool himself, let alone his creditors.

Does the borrower take care of his trade obligations promptly and satisfactorily?

Generally speaking, a concern that is large enough to borrow through a commercial paper broker should be discounting all its bills in the trade and should not be asking extension in any form. There should be no excuse for them to issue paper to trade creditors, and the presence of bills payable to trade creditors is a sign of weakness that would be recognized at once. You

can obtain very valuable comment and criticism from people in the trade who have either sold the borrower or who, perhaps, are in direct competition with him.

Does the borrower conduct his relations with his bank or banks in a satisfactory manner?

This is an important question to determine, as you may be sure that if the borrower has an unsatisfactory banking record he would have great

difficulty in securing accommodations as he needs them which might cause his failure under certain conditions. Furthermore, the bank that has dealt directly with the concern can answer more intelligently the various questions about the ability and moral responsibility of the management. The bank's opinion, like the opinion of everybody else, of course, has to be weighed against the probable prejudice as well as the probable knowledge of the party making it.

INVESTMENTS

Conducted by Franklin Escher

What Are the Railroads Worth?

The Physical Valuation Act and Some of the Problems to be Met in Carrying it Out

BY LOUIS ALBERT LAMB OF A. G. EDWARDS & SONS.

THE passage of an Act requiring the Interstate Commerce Commission to make an appraisal of American railway property affords a striking example of the popular temper of the times. There is a great mass of scientific testimony, all tending to show that "physical" valuations, no matter how accurately made, give no sound basis for the making of rates; that "actual value" has no necessary relation to the capital liability outstanding against a property, but that earning capacity is the real test, both of value and of liability.

"Popular common sense" has rejected these propositions for many years, and the demand for an item-by-item appraisal of the carriers now stands on the Federal Statutes, and is in process of enforcement.

No matter what views we may hold as to the wisdom of national ownership of railways, it seems fairly plain to us

that the Valuation Act aims toward this end. If carried out with skill and wisdom, this valuation will put into the hands of the people at least two of the three facts essential to any nationalization programme. As stated by Mr. J. H. McClements, in the Alton case, April 7th, 1907, the matter stands thus:

"In any plan of readjustment (and nationalization would be a 'readjustment'), the essential facts to be ascertained are":

"A—What is the value of the property?"

"B—What is a safe estimate of its earning capacity under unfavorable business conditions?"

"C—What is a fair estimate of increased earning capacity to be developed, in view of future growth of traffic, and the capacity for its more economical transportation, by a wise expenditure of additional capital and superior management?"

1857



1913

Statement of Condition at Commencement of Business, August 11, 1913

RESOURCES		
Loans and Discounts		\$31,830,735.64
Bonds and Mortgages		11,335,738.32
Due from Banks and Bankers	\$15,947,830.77	
Cash and Checks for Clearing House	8,560,502.10	24,508,332.87
		\$67,674,806.83
LIABILITIES		
Capital Stock		\$3,000,000.00
Surplus Fund		6,000,000.00
Undivided Profits		1,233,117.03
Reserved for Accrued Interest and Taxes		154,158.08
Deposits		57,287,531.72
		\$67,674,806.83

DEPARTMENTS

Commercial—Savings—Trust—Bond—Farm Loan—Foreign Exchange



BONDS

—The Bulwarks of the Estate—

Questionable securities frequently cause estates, when settled, to shrink below their supposed value. Unwise investments have wiped out many a small estate.

Sound, marketable Bonds are the best securities you can own, for your personal needs or to leave for those whose future depends upon you. The interest return on such Bonds is established and dependable; they are easily negotiable and available as collateral; their value is at all times assured.

Illness, accident or death need cause no serious financial difficulties if your funds are so invested, for your income continues undisturbed, and your principal is safe.

A-R-E 6% Gold Bonds are the direct contract obligations of the American Real Estate Company, and are based on its extensive ownership of select New York realty. For a quarter of a century they have paid 6% interest and matured principal at par, without loss or delay, returning to investors upward of \$11,000,000 in principal and interest.

Printed matter, including new financial statement and map of New York City, showing location of our properties, will be sent on request.

American Real Estate Company

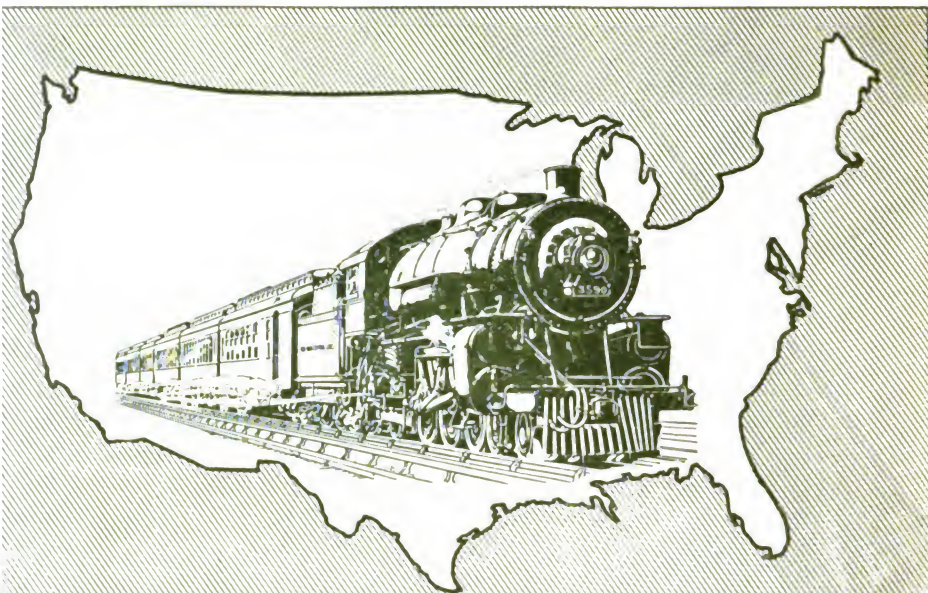
Founded 1888

Assets \$27,202,824.19

Capital and Surplus, \$2,188,805.50

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Joining the country's greatest cities—New York, Boston and Chicago—it is the leading train of the New York Central Lines which serve directly one-half of the nation's population.

Lv. New York	2.45 p. m.	Lv. Chicago	12.40 p. m.
Lv. Boston	12.30 p. m.	Ar. Boston	11.55 a. m.
Ar. Chicago	9.45 a. m.	Ar. New York	9.40 a. m.

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Route"



You

Can

Sleep

MEGARGEL & Co.

BANKERS

Dealers in High Grade Railroad Bonds

35 PINE STREET

NEW YORK

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CHICAGO

Evidently, the Interstate Commerce Commission will have information as full as can be obtained on points "A" and "B." Inferences, as to point "C" will be as easily drawn by the Government, as by any private consultant or financier. And there it is!—a complete working basis for the elaboration of nationalization plans whenever the popular will determines to go into the carrying business as a "side line" of government.

A VALUABLE POINT GAINED.

Herein lies the immense importance to the public and to the carriers alike, of the appraisal now about to be made. No doubt the valuation reached by the engineers and advisory board of the Commerce Commission will be "datum," from which (as in the case of "Chicago Railways Company") subsequent values may be derived by the simple addition of new capital expenditures, less net depreciation. Hence an unduly low appraisal would be a lasting hardship.

Unfortunately, the Physical Valuation Programme leaves out of consideration a variety of important elements of value; or worse, tends to confuse "cost" and "value." On this head, Henry Fink, of the Norfolk & Western System, once remarked:

"Suppose one road built in a fertile valley, with easy grades and curves, and another across a mountain range. One may have been built for \$25,000 a mile, and the other for \$100,000 a mile; but the first might easily earn

several times as much as the second, and be worth proportionately more. . . . To the cost of reproducing the physical property the appraisers would be obliged to add several different sums, on account of a number of elements of real value. How large to make these sums would be purely a matter of opinion. Nevertheless, it would be absolutely necessary to include them, to represent fairly the value of the road."

Location, which may be regarded as the thing, or element, of dominant value, has no place in the physical appraisal of a railroad, except in so far as location, density of population, number of towns served, and so on, have required greater or smaller capital outlays and larger or smaller upkeep allowances. "Strategic position," "location," and the industrial advantages of termini, are excluded from a physical appraisal, as of minor importance, when rate-making comes to be regarded as a function of property cost and energy expended, rather than a function of productive and distributive elements, affecting the whole country.

LEGAL PRINCIPLES ESTABLISHED.

There is, however, no occasion for alarm on the part of holders of railway securities. Valuation by the Government will not affect the fully established principle that capital is entitled to a fair compensation. Valuation may, and doubtless will, limit future issues of share and bond capital; but it can



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Capital \$200,000.00
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not be retroactive, to the injury of capital already outstanding. Valuation by the Government will establish, as it never before has been established, the "rock bottom minimum value" of every security junior to the first mortgage bonds. Systems having the great tide-water terminals, and commanding the interior gateways, will be valued at totals far below their true worth in liquidation, and the effect of this under-appraisal will be to give the stocks an advantage in the markets, proportionate to the known excess of real value over the Commission's appraisal. In other words, the richest of the carriers—regardless of the valuations arrived at for their physical properties—will carry such large marginal assets that their stocks will sell on "low risk" bases, and will enjoy in a larger measure than formerly, the quality of ready convertibility on 'change.

No matter what the valuation of a railroad may be, the fact will remain, that, as a matter of law, "when a corporation has a surplus, whether a dividend shall be made, and if made, how much it shall be, and when and where it shall be payable, rests in the fair and honest discretion of the directors, uncontrollable by the courts."

An official "valuation," for purposes of rate regulation, service regulation, control of new issues, government purchase or what not, can not impair the force of actual money's worth in excess of such an appraisal. And any such excess of money's worth over total obligations constitutes a "surplus,"

which, at law, is the inalienable property of the proprietors, and subject to their disposal, through the legal action of their elective officers, the directors.

Even if nationalization should become the policy and will of the people, and even if low valuations be taken as the basis of purchase by the Government, the Constitution will be in force as heretofore, and the courts hardly can be expected to ignore vast sums of money, worth, or value, in items neglected by the Appraisers of the Interstate Commerce Commission. Even this view of the matter may seem Utopian to some of our readers, who have followed the opinions of the Supreme Court in recent years, and especially, as the people have learned how to amend the Constitution to their own liking.

CONGRESS WILL BE REASONABLE.

None the less, we think it fair to think Congress will assign considerable weight to the principles worked out during 1904 in making the "Commercial Valuation of Railway Operating Property" for the census. That "valuation," as set forth in the language of Prof. Henry C. Adams, was "the estimate placed upon the worth of property regarded as a business proposition. This must, of course, be the market estimate, and not the arbitrary estimate of a public official."

Naturally, the method of arriving at this "valuation of a business proposition" by determining its income productivity and its "strategic significance,"

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Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

will be different hereafter, when rate making is placed in some sort of relation to physical appraisal, than it was a few years ago; but only a revolutionary mood in the public mind can possibly make Congress ignore the principles enunciated by Prof. Adams in his 1904 report. Americans are habituated to regard matters in the light of their "worth as earners," and we think it reasonable to assume that this habit will assure fair dealing with all bona fide investors in railway stocks and bonds, when the Government is ready to buy the properties for Federal operation.

No matter what may be the actual result of the present physical valuation of railways, it is evident that the "market worth" of the properties will depend, as before, on the capitalized value of average net earnings for a term of years, including periods of elation and depression. The average net income to be capitalized will be less under a system of transportation rates made with reference to physical values only, but the income rate, used to obtain the capitalized value, will be correspondingly lower, and the resulting value will be a fair representation of the assets, both physical and non-physical, for which payment must be made in case of purchase, whether by the Government or by a private corporation.

THE NEW HAVEN APPRAISAL.

One of the most thorough railway appraisals on record was that made by the Massachusetts Commission, in June, 1910, under legislative authority, to validate the outstanding capitalization of the New York, New Haven & Hartford System. The official finding was substantially as follows:

Total property value.....	\$496,280,801
Add subscriptions to stock....	11,000,000
	<hr/> \$507,280,801
Total liabilities (except stock)...	\$261,300,572
Less debentures converted.....	30,000,000
	<hr/> \$231,300,572
Excess of property.....	\$275,980,229
Stock Outstanding	\$158,000,000

The excess of assets shown for the stock was \$175 per share, against a market price for the shares of about \$155. In this appraisal, the Massachusetts Commission did not include the trolley lines owned by the New Haven road. The inquiry showed about \$100,000,000 increase in assets through appreciation of realty, and from earnings used for permanent improvements but not capitalized; but the value of "intangible assets" was not included in the property value as returned, though these were said to make a "very considerable item."

NORTHERN PACIFIC RESULTS.

A similar valuation was made, in 1906 or 1907, by the Northern Pacific Railroad, for the Interstate Commerce Commission, and it was found that the cost to reproduce the property was \$345,262,867, or an average of \$59,734 a mile. The actual cost of improvements on the estate of the company was found to be nearly \$303,000,000, and the present value was placed at \$288,695,000. The terminals at that time had a value of \$75,000,000, and other realty footed up nearly \$32,000,000.

At that time the debt of the road was less than \$35,000 a mile, and the stock amounted to \$29,000 a mile. The estimate did not include the value of treasury investments and "intangibles" of vast importance, strategically and otherwise.

The Interstate Commerce Commis-

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International Nickel, Com. & Pfd. Stock
Lackawanna R. R. of N. J. Stock
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sion's valuation of Northern Pacific operating property alone was deduced, in 1904, by capitalizing net earnings at the rate of 5.052 per cent., making a total greater by \$20,000,000 than the "present value" returned by the company's appraisers!

UNIFORMITY A GREAT ADVANTAGE.

Any way considered, it will be obvious that the present act is the least dangerous of many possible ways of arriving at the end sought. If, for example, the States had been allowed to go ahead without concert or agreement as to statistical methods, there would have been a baffling confusion of results, inconsistencies everywhere, and a

chaotic state of affairs that could not fail to be damaging to investors.

As the case now stands, the work will be accomplished by men of great learning and experience in appraisal; there will be the utmost uniformity of procedure, principles will be developed, and the inadequacy of a merely physical valuation will be clearly shown, under the authority of the ablest of governmental bodies. So that when the time comes for action, requiring a knowledge of railway valuations, the public will have been educated to the point where a "commercial valuation" may be accepted, rather than a deceptive appraisal of physical entities.

Investment and Miscellaneous Securities

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 36 Wall St., New York.

	Bid.	Asked.
Adams Express	124	132
American Bank Note Com.	43½	46½
American Bank Note Pfd.	50	52
American Brass	132	137
American Chicle Com.	195	200
American Chicle Pfd.	92	97
American Dist. Tel. of N. J.	54	58
American Express	115	125
Atlas Portland Cement Com.	30	55
Atlas Powder Co.	92	95
Autosales Gum & Chocolate	11	17
Babcock & Wilcox	93½	100½
Borden's Condensed Milk Com.	113	116
Borden's Condensed Milk Pfd.	104	106
Bush Terminal	47	57
Celluloid Company	128	134
Childs Restaurant Co. Com.	135	145
Childs Restaurant Co. Pfd.	102	104
Computing-Tabulating-Recording ...	38	41
Connecticut Railway & Light Com.	65	70
Del., Lack. & Western Coal.	265	...
E. I. du Pont Powder Com.	124	127
E. I. du Pont Powder Pfd.	87	90
Empire Steel & Iron Com. ....	...	13
Empire Steel & Iron Pfd. ....	...	35
General Baking Co. Com.	15	20

	Bid.	Asked.
General Baking Co. Pfd.	61	66
Hercules Powder Co.	94	99
Hudson Companies Pfd.	15	20
Hudson & Manhattan Com.	2	...
Hudson & Manhattan Pfd.	4	...
International Nickel Com.	120 x	121
International Nickel Pfd.	101	103
International Silver Pfd.	115	123
Kings Co. E. L. & P.	117	120
New Jersey Zinc	525	575
New York Railways	20	28
Otis Elevator Com.	76	78
Otis Elevator Pfd.	95	98
Phelps, Dodge & Co.	195	205
Pope Manufacturing Com.	8½	11
Pope Manufacturing Pfd.	29	35
Remington Typewriter Com.	34	36
Remington Typewriter 1st Pfd.	95	98
Remington Typewriter 2d Pfd.	93	95
Royal Baking Powder Com.	175	185
Royal Baking Powder Pfd.	102	104
Safety Car Heating & Lighting	110	113
Sen Sen Chicle	110	114
Singer Manufacturing	235	300
Standard Coupler Com. ....	...	35
Union Ferry	22	26
U. S. Express	41	49
Virginian Railway	13	18
Wells Fargo Express	90	98
Western Pacific	8	9½

Conants in the Philippines

HERE is a bit of interesting financial history, told by Maurice P. Dunlap in the "Review of Reviews":

"Hola, amigo."

"Komusta kayo."

"Porque were you hablaing with ese senorita?"

"She wanted a job as lavandera."

"Cuanto?"

"Ten cents, conant, a piece, so I told her no kerry."

"Have you had chow? Well, spera till I sign this chit and I'll take a paseo with you."

The scene was a Manila restaurant. The speakers were two Americans. I had just arrived in the Philippines, and I wondered what manner of language they were talking. Later I learned that it was the current tongue, bearing the name of "English," and that the Americans had been saying something to this effect:

"Hello, friend."

"How are you?"

"Why were you speaking with that woman?"

"She wanted a job as laundress."

"For how much?"

"Five cents a piece, so I told her I didn't want her."

"Have you had lunch? Well, wait

till I sign this check and I'll take a walk with you."

This conversation is not in the least exaggerated. Anyone in the Philippines will hear similar ones wherever Americans are gathered. He will wonder at first, then he will cease to notice, and finally he will talk the same lingo and not realize that he is doing so.

In the above conversation there are eight perfectly good Spanish words (hola, amigo, porque, ese, senorita, lavandera, cuanto, paseo), two expressions incorrectly pronounced ("no kerry" for "no quiero" and "spera" for ("espera"), a Spanish verb with an English ending (habla-ing), the Tagalog greeting "komusta kayo," two words current throughout the Far East (chow and chit), and one word that exists nowhere but in the Philippines (conant). The adjective "conant" occurs so frequently when money is mentioned that the new-comer is not long in asking why. Then he learns that conant was originally a man and not an adjective. Mr. Charles A. Conant is an economist who helped to bring about a reform in the currency, and his name has passed into popular speech as descriptive of the present money standard.

New Counterfeit \$10 National Bank Notes

THERE have recently appeared in the Pacific Northwest poorly made photographic counterfeits of the \$10 national currency issues, series of 1902.

The Treasury has specimens of these notes counterfeiting the issues of the First National Bank of Bellingham, Wash., the First National Bank of Burlington, Wash., and the First National Bank of Kent, Wash. They are printed on paper of fair quality, with

a few red and blue ink lines made to imitate the silk fiber.

The face of the notes has a faded appearance and light blue water color has been applied to the seal and numbers. Very little attempt has been made to imitate the lathe work on the back of these notes. They are so plainly counterfeit that a more detailed description of them is deemed unnecessary.

SAFE DEPOSIT

Vault of the Guaranty Trust Company, New York



UPPER VAULT OPEN—SHOWING DEPTH OF MAIN CORRIDOR

ONE of the latest examples of vault building is to be found in the new building of the Guaranty Trust Company, Broadway and Liberty street, New York. Within this citadel is piled some \$3,000,000,000 in cash and securities—all protected as fully as it can be by human ingenuity.

The vault is a single structure, divided into two stories and numerous interior compartments. On each level is one of the twin doors. Each of these weighs approximately forty tons and is three feet in thickness.

The construction of the doors is composite. The outer half consists of

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STANDS FOR THE BEST THERE IS IN
VAULT CONSTRUCTION



THE strongest vaults ever built by all of the ten largest vault manufacturers in the United States and Canada were constructed according to my designs and under my superintendence.

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Bank Vault Engineer

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The services of an engineer for your vault are as
necessary as those of an architect for your building.

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Sociological Conditions

**present the most serious menace against
which Bankers must provide**

Protection For Their Securities

Harveyized Armor Plate Vaults

**are the only absolute protection against
EVERY METHOD OF ATTACK**

BETHLEHEM STEEL COMPANY

**Designers and
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South Bethlehem, Pa.

Safe Deposit Boxes and Equipment a Specialty

steel casting containing concrete and interlaced refractory steel members together with a plate of special material termed "anti-cutter-burner" to prevent the operation of the oxy-acetylene cutter-burner. The inner halves of the doors are built up of two-inch five-ply plates of chrome steel, "low" steel sections, and a solid cast bolt frame as an inner layer.

The time required to penetrate these doors would be so great, it is said, as to be an absolutely unknown factor. One

of a small hole through the vault door.

The vault walls are two feet four inches thick, built up of four inches of shock and drill proof steel with two feet of rock concrete. They are reinforced on all sides and the top by two rows of heavy steel rails, and the top is further protected from the shock of heavy falling objects by heavy section beams on close centres.

On the bottom the rails are laid "double reversed" and interlocked. This construction insures a distribution



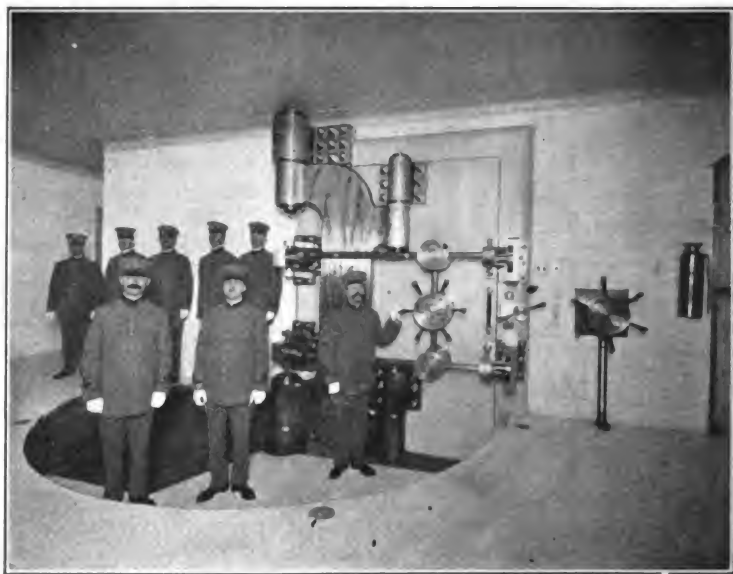
LOWER VAULT OPEN

of the unusual features is the location of the combination locks and bolt-throwing mechanism on the door jambs and of the time lock on the door proper. This arrangement would necessitate the drilling of two holes, one through the jamb and the other through the door, in order to attack the locking devices, and is designed to prevent the ordinary mode of attack on vaults or safes by spindle holes through the doors.

The bolt work and locking mechanism of each door are covered with a steel plate to prevent the possibility of releasing the locking dogs by means

of metal throughout the walls, affording fire protection as well as a cushion against shock and a guard against the dreaded cutter-burner already mentioned. The vault walls are open to inspection on all sides, including the bottom, where this visibility is secured in an ingenious manner.

If you go down to the lower story of the vault and walk into the passage which surrounds it you will see a row of glass plates set in the floor, close to the vault's tiled sides. Then if you step out on these and look down you are likely to draw back with an involuntary start, for a bottomless



UPPER VAULT CLOSED

abyss seems to yawn beneath your feet. A second look reassures you, however, for you are not looking down at all, but into a mirror set at an angle and thus across the bottom of the vault from side to side.

The whole structure is erected on

numerous narrow piers, and the spaces between them are shown by the mirrors set at an angle of forty-five degrees, above which the glass plates form a protection. By lights, placed below the floor level, the arrangement is given bright illumination, and by this con-



UPPER VAULT—WHEELING OUT LOAN SECURITIES

trivance the watchman making his rounds at night can observe the smallest irregularity even though it be on the opposite side of the vault from him.

These mechanical safeguards are supplemented by electrical safeguards. The burglar alarm system is unique, as this is the first large vault below the old "dead line" to be protected by wiring in the concrete of the walls.

For the full length on each side of every rail in the double row of steel rails surrounding the structure is run

company that the doors have been locked. This signal is answered by three taps on a bell. In the morning a similar signal and response give word that the vault has been opened for the day's business.

Inside the vault there is still further protection. The various compartments give on central aisles on both stories. Each of these has a door of steel on which the combinations, like all the others connected with the vault, are double and are protected by shield flags



LOWER VAULT—OFFICIAL SETTING TIME LOCK

a lead-covered burglar alarm cable. The rails are so close together that these cables are less than two inches apart at any point. More than 30,000 feet, or about six miles, of lead-covered wire has been used in this work. Even the huge doors are protected by the burglar alarm system connected with the bolt work. The watchmen of the burglar alarm company supplement those of the trust company in adding human watchfulness to the whole.

When the vault has been closed for the night the pulling down of a little handle on one side, like the handle of a messenger call, notifies the protective

so that only the person standing directly in front of each can see the numbers as he turns the knob. Inside of these doors are steel grilled or barred doors for use by day.

Aisles at right angles to the main aisle divide the various compartments, and on each side of these, in most cases, separate safes, having combinations of their own, are set in rows on steel shelving. Some are built in, others movable. Into some of the compartments, such as that for the trust department, rolling security safes are wheeled every night after having been brought down from the department on

the third floor by a private elevator which runs from the vault up through various departments without opening into any public part of the building. These safes also have combinations.

Outside the vault also protections are multiplied. If one were to trace the course of an attempted robbery from the street to the securities after night-fall, the various checks to be met with would be somewhat as follows:

First, the locked metal doors on the street would have to be passed. Next, another metal door leading to the stairs. Then, at the foot of the stairway, the burglar would be confronted by a heavy, barred steel door, and would face an angled mirror in which anyone in the anteroom of the vault could see this door fully.

This obstacle successfully passed, he would be confronted by the main doors of the vault itself. Granting that these could be penetrated, the compartment doors would still have to be opened, and, after them, the doors of the in-

dividual safes, before the treasure could be bared. Two shining loaded guns in a case on the walls of the antechamber suggest that he who had the temerity and the resourcefulness to reach even the bars at the foot of the stairway might be considered a "bad risk," as the insurance men would put it.

Four complicated locks to be picked and a time lock of the latest pattern, shielded behind two feet of armor, to be released; five or more combination puzzles to be solved; a network of sensitive electric fingers, ready to bring on the run stalwart watchmen a-plenty: loaded rifles—it could hardly be called an alluring ensemble for the light-fingered.

Even all these elaborate means of protection are supplemented by ingenious methods of managing the various doors and locks, the whole affording as near absolute protection as can be attained.

Increased Foreign Trade in Fiscal Year 1913

THE detailed figures given out by the Department of Commerce show that the fiscal year ended June 30, 1913, was the banner year in the trade of the United States with foreign countries, the total trade exceeding \$4,275,000,000 and surpassing the total trade of the fiscal year 1912 by over \$421,000,000. Imports into the United States in the year exceeded \$1,812,000,000 and exports from this

country exceeded \$2,465,000,000, making a balance of trade in our favor of over \$652,900,000. The imports surpassed those of the fiscal year 1912 by over \$159,700,000 and the exports were more than \$261,500,000 greater than those of last year.

Our exports of manufactured and partly manufactured articles in the fiscal year 1913 exceeded \$1,500,000,000 in value and show an increase of

	1912	1913
Foodstuffs partly or wholly manufactured.....	\$318,838,493	\$320,401,492
Manufactures for further use in manufacturing.....	348,149,524	408,992,111
Manufactures ready for consumption	672,268,163	778,008,349
Total	\$1,339,256,180	\$1,507,401,942

more than \$168,000,000 over the preceding year.

The total exports of the three classes of manufactures for the fiscal years 1912 and 1913 are shown in preceding table.

A survey of the above table shows that the greatest gain in our exports is in manufactures ready for consumption, in which class there was an increase of more than \$105,000,000 over 1912. There was also a substantial gain of over \$60,000,000 in manufactures for further use in manufacturing, but the increase in foodstuffs partly or wholly manufactured was only a little over \$1,500,000.

Looking at the figures by grand divisions it will be seen that the aggregate trade of the United States with Europe in the fiscal year just ended was over \$2,371,000,000, or more than one-half of our total foreign trade. This was divided into over \$892,000,000 worth of imports and \$1,479,000,000 worth of exports, a balance of trade in our favor of more than \$586,000,000. The aggregate trade with the other countries of North America exceeded \$979,000,000, of which over \$361,900,000 were imports and over \$617,400,000 were exports. The remainder of our foreign trade amounting to about \$925,000,000, was divided among Asia, South America, Oceania and Africa, in the order named.

The United Kingdom maintains its position as our best customer, having purchased from us over \$597,000,000 and sold us over \$295,000,000 in the year, an aggregate trade of more than \$892,000,000. Our second best customer is Canada, which bought from us over \$415,000,000 and sold us over \$120,000,000, a total trade exceeding \$535,000,000. Third comes Germany, which bought from us over \$331,000,000 and sold us only a little less than \$189,000,000, an aggregate trade of more than \$520,000,000. France is fourth with purchases from us in excess of \$146,000,000 and sales to us in excess of \$186,000,000, a total trade of over \$282,000,000.

Merchandise imported from and exported to each of the principal countries during the fiscal year ended June 30, 1913, compared with the preceding fiscal year.

12 months ended June.

Imports from—

Grand divisions	1912	1913
Europe	\$819,585,326	\$892,866,384
North America..	334,072,039	361,943,659
South America..	215,089,316	217,747,038
Asia	225,468,250	276,452,368
Oceania	36,464,115	37,543,441
Africa	22,585,888	26,425,344
Total	\$1,653,264,934	\$1,812,978,234

Principal countries:

Argentina	29,847,016	26,863,732
Australia	9,606,423	10,956,200
Belgium	41,677,418	41,941,014
Brazil	123,881,644	120,155,855
Canada	108,813,368	120,571,180
China	29,573,732	39,010,800
Cuba	120,154,326	126,088,173
France	124,548,458	136,877,990
Germany	171,380,380	188,963,071
India, British...	50,948,901	67,936,850
Italy	48,028,529	54,107,364
Japan	80,607,469	91,633,240
Mexico	65,915,313	77,543,842
Netherlands ...	35,568,436	38,180,967
Russia	22,110,500	29,315,217
United Kingdom	272,940,700	295,564,910

Exports to—

Grand divisions:

Europe	1,341,732,789	1,479,076,009
North America..	516,837,597	617,411,765
South America..	132,310,451	146,147,993
Asia	117,461,635	115,056,620
Oceania	71,936,513	79,102,845
Africa	24,043,424	29,088,917
Total	\$2,204,322,409	\$2,465,884,149

Principal countries:

Argentina	53,158,179	52,894,834
Australia	39,260,503	43,351,855
Belgium	51,387,618	66,845,462
Brazil	34,678,081	42,638,467
Canada	329,257,194	415,260,049
China	24,361,199	21,326,834
Cuba	62,203,051	70,581,154
France	135,388,851	146,100,201
Germany	306,959,021	331,684,212
India, British...	15,628,059	11,040,039
Italy	65,261,268	76,285,278
Japan	53,478,046	57,741,815
Mexico	52,847,129	54,571,584
Netherlands ...	103,702,859	125,909,862
Russia	22,722,488	26,465,214
United Kingdom	564,372,186	597,150,307



A TYPICAL NEW ENGLAND MOUNTAIN SCENE

New England's Attractions for the Tourist

IN the earliest days of October thousands of bankers from all parts of the Union will be journeying toward Boston, where will be held in the week of October 6 to 11 the thirty-ninth annual convention of the American Bankers Association.

Not the least of the incentives to a large attendance at these yearly meetings are the incidental attractions—the country and city to be visited, and the friendships to be made and renewed.

Whatever may be said of the convention habit—and the scoffers exhibit it as a foible of the American character—it assuredly broadens one's outlook, multiplies acquaintanceship and offers the opportunity of seeing something of all sections of the country.

Upon one who has seen Rainier in the rosy glow of the December morning; the majestic front of Shasta bathed in the full splendor of the moonlight; the white surf of the Pacific and the amethyst mountains in the background with golden-fruited groves intervening; or the awful sublimity of the Grand Cañon, the scenery of New England might fail at first to create a profound impression; for it has little of that grandeur which startles and enthalls. But the charm of its quiet beauty steals upon one almost unawares, soothing by its unobtrusive and peaceful aspect.

Though somewhat wanting in sublimity, the New England landscape is far from being monotonous. Broad valleys, hills, mountains, lakes, rivers and the grey and melancholy waste of ocean all combine to create a panorama of ever-changing interest. Wide meadows, waving woods and fields, grazing herds, comfortable homesteads—modern or antique—complete the pastoral scene. Over all this natural beauty is thrown the atmosphere which poetry and history have created in the long period that has elapsed

since the white man displaced the copper-skinned race.

While the "cradle of liberty" is at Boston, there might not be entire agreement as to the infant's birthplace. But no one would dispute that New England has borne a most important part in fashioning American civilization. Its spots sacred to the lover of one's country are many, and an opportunity to visit some of them will be welcome to the bankers.

The Maine woods—immortalized in literature by Thoreau—the picturesque shores of that State and of Massachusetts, the clustered lakes of New Hampshire and Vermont, nestling amid hills and mountain ranges, the peaceful valleys and rivers of Connecticut and Rhode Island—all these have their special elements of attractiveness.

But the charm of the landscape and the atmosphere of history and poetry enwrapping New England have not made all her inhabitants statesmen, poets and philosophers. They are a hard-headed people. They have shown how a living may be made from a scanty soil; how with little raw material immense manufacturing establishments may be created and sustained, and especially have they shown how money once earned may be saved and bulked to be employed for the common good. To the intelligent use of capital and the thrifty character of her people New England is largely indebted for the position now occupied as an industrial section of great importance.

SOME POINTS OF INTEREST.

New England's history began with the landing of the Pilgrims at Provincetown, the extreme end of Cape Cod. Here stands one of the tallest monuments in the world dedicated to the memory of the labors and hardships endured for the cause of civil and religious liberty by these makers of



AMONG THE LAKES AND MOUNTAINS OF NEW ENGLAND



THE WHITE MOUNTAINS IN WINTER

American history. Within New England's boundaries was held the Boston Tea Party, and many early encounters between the British and Americans in the Revolutionary War. Readers of American history all know of the "Midnight Ride of Paul Revere," and of the hanging of two lanterns in the belfry of the Old North Church. This church to-day is one of the principal objects of interest in Boston, and tablets commemorative of this eventful ride mark some of the battle places in Lexington and Concord. Bunker Hill Monument at Charlestown, Mass., marking the scene of the Battle of Bunker Hill, is open to the public and a view of the surrounding country for miles can be had from its top.

Massachusetts is the most historically renowned of all the New England States. It was in this State, at Cambridge, that Washington took command of the American Army; and the "Washington Elm," under which this event took place, is still standing, although the ravages of time have had a serious effect on its appearance. Two of the early Presidents—John Adams and John Quincy Adams—were born in Quincy, as was John Hancock, one of the signers of the Declaration of Independence. The fame of Longfellow, Emerson, Holmes and Whittier is also a part of the State's heritage.

Time has indeed changed New England. Here was the home of the pioneers of industry, and the fruits of their labors have been handed down from generation to generation until to-day, the true story is told by the tremendous volume of finished products that flows out over the country from the fountainhead of New England mills and workshops in the endless chain of freight cars and steamships loaded at the busy terminals. New England has been one of the busiest, most industrious and most prosperous sections of North America since its infancy. There have been changes and transformations; from time to time certain interests have declined or languished, but this is true everywhere. No sooner, however, has one thing gone

than something else, usually bigger and better, has risen to take its place.

Much has been said of the New England farmer. He, too, has done his share in the upbuilding of this country. By hard work and thrift he has taken wooded and barren lands and tilled them until they yielded products palatable and tasteful for the table. The Baldwin apple was born in New Hampshire; Maine is contributing more than its share of milk and potatoes; and the cranberry bogs of Cape Cod are the means of adding much of the attraction of any Thanksgiving dinner table.

New England is rich in raw materials and in natural resources. Extraordinary values attach to the commonest things all about us—rocks and earth and water—when they possess some special quality. As to mineral wealth, every one of the six New England States has an abundance of deposits, and very profitable ones, worked on a large scale; granite at Quincy, Cape Cod, Concord, on the Maine coast and Barre, Vt.; feldspar in Connecticut; marble in the Berkshires and in Vermont; asbestos and talc in Vermont; vast amounts of iron pyrites in Massachusetts, from which is made sulphuric acid; and last, but not least, sand, which is found everywhere along the coast and used for a thousand purposes.

Manufacturing industries have grown in proportion to the increased population. (New England being the terminus of several steamship lines from foreign ports.) An immigrant easily finds immediate employment in one of the many textile mills located at Fall River, Lowell, Lawrence, New Bedford and Manchester, N. H. In the latter city are located the Amoskeag Mills, the largest of their kind in the world.

With the many newly discovered uses for electricity comes the need of more electrical machinery manufacturers. One of the world's leading electrical concerns, the General Electric Company, is located at Lynn, Mass. This company ships its product all over the

world. The above, with the other leading industries, are now in excellent financial condition. The working hours are good and the health situation is carefully looked after by both State and city or town officials.

The success of every industry depends largely upon the railroads. If the railroads do not do their part, nothing is achieved. New England is fortunate in having excellent railroad

New England staple, the ice crop a widespread source of wealth. The problem of harnessing the rivers and utilizing their power to move the wheels of commerce and industry is to-day a subject of ever-increasing study, and it is one fraught with tremendous importance to the future of New England. The increase in the price of coal, the fact, as shown by geologists' reports, that the coal supply is not in-



AMONG THE PINES OF NEW ENGLAND

service. The Boston & Albany Railroad serves western Massachusetts; the Maine Central covers practically the northern section of Maine, the heaviest part of their freight business being potatoes; the Boston & Maine handles everything in northern Massachusetts, New Hampshire and part of Vermont; and the New York, New Haven & Hartford takes care of lower Massachusetts, Rhode Island and Connecticut.

It might be said of New England that the "water is turned into gold." Water is the commonest of all elements. In solid form it has long been a great

exhaustible, particularly the supply of anthracite, has turned attention to the river as a source of power. So the falling waters of New England are yearly taking upon themselves more and more the work that "King Coal" has been almost monopolizing. The time cannot be distant, comparatively speaking, before water will be running the railroad trains, the trolleys and the mills nearly all over New England, as well as lighting the dwellings and cooking the meals of the people.

That New England has been especially favored by nature is plain to

anyone who examines a relief map of the country. Not only will he be struck by the number of the rivers—the comparatively short distance intervening between large streams—but he will also be impressed by the fact that they take the same general direction and have a large fall, due to the fact that their sources are in that high region running across the northern part of the New England States. The statement was made recently by an hydro-electric engineer, who had been examining this part of the country, that a chain of hydro-electric plants could be located across the northern part of New England reaching from Vermont to the Canadian border which would be able to furnish all the heat, light and power New England would require. Such a statement seems almost incredible, yet the possibilities in this method of harnessing our great rivers are such that one would hesitate to dispute it.

PROGRESSIVE CHARACTER OF THE PEOPLE.

New England is exceedingly fortunate in having public-spirited citizens who take great delight in the success of their particular locality. To further their ends they have been instrumental in forming chambers of commerce and boards of trade. While riding on trains you see scattered here and there electrically illuminated signs advertising the leading inducements to locate in their respective towns or cities.

New England leads her sister districts in educational opportunities. Harvard, Yale and Dartmouth Universities and the Massachusetts Institute of Technology as well as a number of other institutions of a like nature, are located within its boundaries and yearly draw students from all parts of the world.

No part of the United States offers the vacationist the attraction that New England holds. He may choose mountains, lakes or seashore. In speaking of mountains, the first thought is of the White Mountains of New Hampshire. To play golf up amid the clouds, to

leave the heat of the city and in a few hours find one's self in clear, crisp air 1,600 feet above the sea—are but a few of the unique experiences that await those that select this resort for their vacation place. To those that enjoy fresh-water fishing, motor boating and bathing, Lake Winnepesaukee suits all tastes. The clerk, the school teacher, the business man and the millionaire can each find in infinite variety the class of accommodation suited to his purse. An unsurpassed combination of country and marine vistas greets those that select Cape Cod. Here is a territory that has attained wonderful prominence in the past few years. Excellent train service maintained by the New York, New Haven & Hartford Railroad has made this section of New England the mecca of the business men of Boston. Fine summer residences, farms and the best of summer hotels have been the lure of many from distant points in the West and South.

Within New England are located two of the country's most famous watering places—Newport and Bar Harbor. Should the crisp air of early October be unfavorable to enjoyment at these resorts, Stockbridge, Lenox and Bretton Woods will be at their best as they begin to put on the rich garments of autumn.



KING'S CHAPEL, TREMONT STREET, BOSTON

The original chapel was built in 1688, the present one in 1754. Several of its mural tablets are of the Provincial period. A tablet on the northern wall, placed there in 1895, is to the memory of Oliver Wendell Holmes, the inscription having been composed by ex-President Eliot of Harvard.



COPLEY SQUARE—THE PUBLIC LIBRARY AND NEW OLD SOUTH CHURCH

Boston: An Appreciation

EACH large American city has some note of distinction. New York and Chicago typify the pushing, restless spirit of a commercial age; Washington, the nation's political life—and so on. Boston is indeed a great commercial capital; but the air of modernity, of business, has not yet displaced the sedate atmosphere of colonial memories and literary pride. Business is done, and a great deal of it certainly—in some lines supremacy is maintained—but somehow business in Boston seems a by-product, if not an impertinent intruder. Yet the place is just as far from being "slow" as any city in the country; its streets are as busy, many

of them, as those of New York, and its emporia of trade the scenes of great activity. The proverbial shrewdness of the Yankee trader has made the city a great business mart, but you feel—if you become impregnated with the real atmosphere of the New England capital—that trade is not the end of life; that there are other things worthy of serious thought. Business is considered rather as a necessary means to higher enjoyment than an end of itself.

So the Boston man of commerce dwells less in the immediate neighborhood of his counting house than do his brothers in most other large cities. His energy, shrewdness and intelligence combine to give him the means of enjoying the pleasures of a cultivated and refined taste, and he goes to the suburbs or to the country where he may readily follow the bent of his mind.

Few American cities can equal Boston in the number and beauty of suburban places convenient to the commercial centre. This fact has emphasized the "home feeling" which is one of the potent influences in developing character.

Those who visit Boston for the first time—trusting to the reputation which has in some way gone abroad—will expect to find the people reserved to



FANEUIL HALL

The famous "Cradle of Liberty" whose story is so closely interwoven with the stirring early days of the Colonies. Now the center of Boston's wonderful market district.



WEST BOSTON BRIDGE AND CHARLES RIVER BASIN, WHERE THE WATER CARNIVAL IS TO BE GIVEN

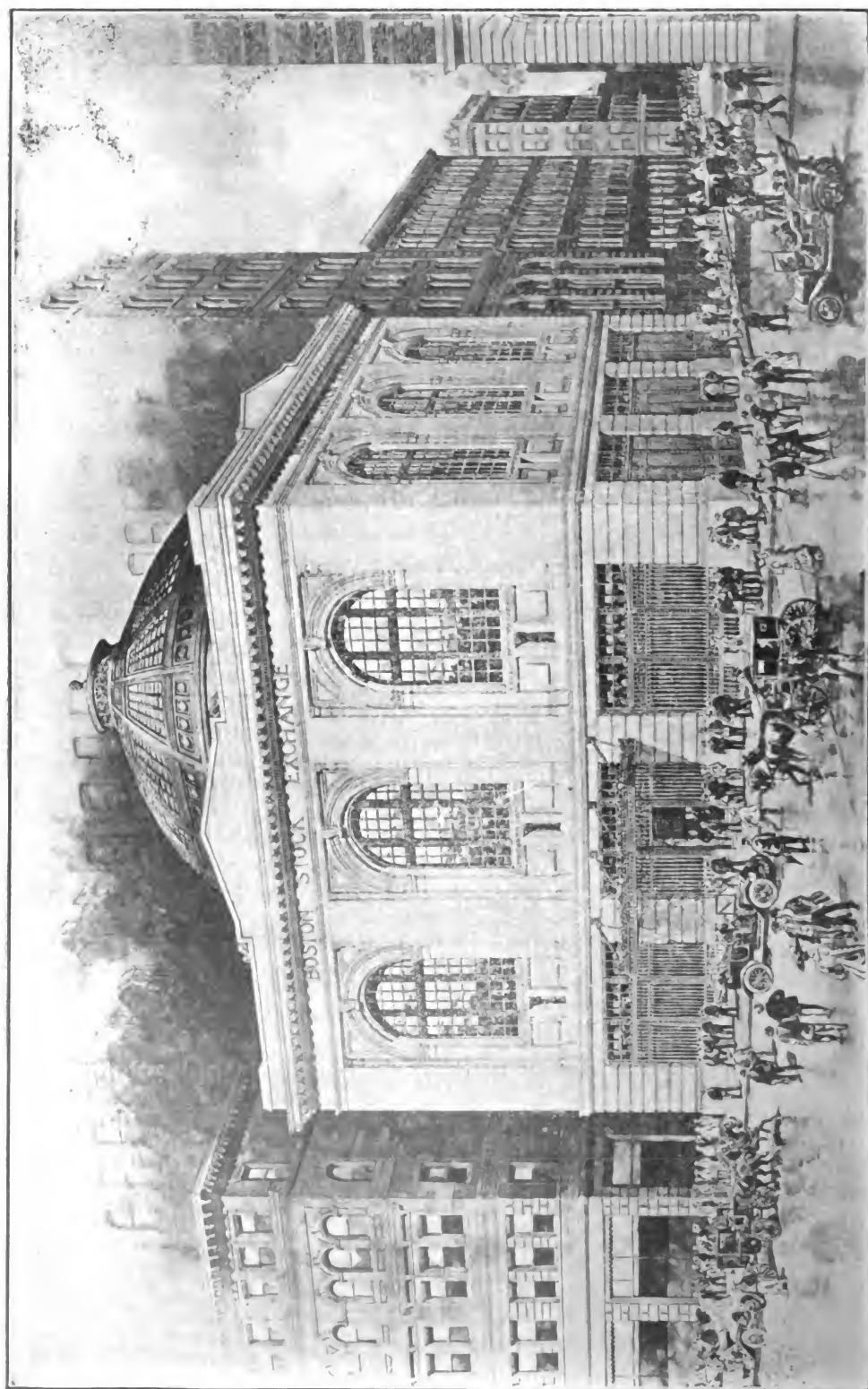
the point of coldness and inhospitality. They will be agreeably disappointed. A just pride in great and historic memories, a consciousness of being citizens of no mean city, and the dignity that comports with serious manhood and

womanhood will be found, but coupled with a genuine regard for the comfort and happiness of others, betokening a true spirit of hospitality.

No city of the United States, with the possible exception of Philadelphia,



THE COPLEY-PLAZA, BOSTON, CONVENTION HEADQUARTERS



THE BOSTON STOCK EXCHANGE, CORNHILL STREET



SYMPHONY HALL, HUNTINGTON AVENUE, WHERE THE CONVENTION MEETINGS, RECEPTION AND BALL AND SYMPHONY CONCERT ARE TO BE HELD

is richer in memories of the colonial epoch. Here, in the sonorous phrase of Webster, is the very spot on which American liberty originated, and here are still preserved some of the proudest monuments of its own glory. Here (or near by) are Lexington and Concord and Bunker Hill and here they will remain forever.

Those who reverence the deeds of the patriots who made American independence possible cannot fail to be impressed with the Old State House, the Old South Meeting House, the Elm at Cambridge where Washington took command of the Continental Army, Paul Revere's Church and the course of his ride which Longfellow has so beautifully described, the "Cradle of Liberty," and other places intimately associated with one of the most stirring epochs of the country's history. These sacred places have been carefully treasured by the people of Boston, and no insistence on the demands of "progress" will ever cause them to be forgetful of their significance.

As a shrine for the lover of the best in our literature, Boston has no competitor among American cities.

Take away the illustrious names which the city furnished in the earlier annals of our literature, and with the exception of Poe and Bryant, scarcely any name of the first rank would remain.

The race of bards, prophets, philosophers and teachers who made the Boston of an earlier day reflect something of the lustre of Greece in the Golden Age has disappeared, but they have left



THE BOSTON POST-OFFICE



HORTICULTURAL HALL, HUNTINGTON AVENUE, WHERE THE BUFFET SUPPER WILL BE SERVED

behind them an immortal and a glorious memory. It ought to be inspiring to linger for a little time where Longfellow and Lowell lived and wrought; to pause beside the grave of the tender and genial Holmes; to revive recollections of the mournful majesty of Edwin Booth—now asleep in Mount Auburn; to see where Benjamin Franklin was born and where his father and mother are buried.



THE STATE HOUSE, BEACON HILL

Built partly upon John Hancock's corn pasture, the State House is one of the notably fine and interesting buildings of Boston. The portion of the structure called the Bulfinch front dates back to 1795-97. Besides its architectural attractions, the building contains a number of important historic memorials.

These are but a few of the countless opportunities offered by the city which has in its keeping so many shrines of history and of literature.

In the thought of this country Boston has exercised a dominating influence and American character and institutions have been guided and fashioned by the mighty lessons of her prophets and seers. It is the solemn pride of her people thus to have nurtured the poets, the statesmen and the prophets who rightly assumed the leadership in working out the nation's destiny.

To the banker Boston makes a strong appeal. For in the early days when it was the fashion to try to do banking without much actual capital, it was here that the value of an adequate capital equipment received a clear demonstration. And there is no more impressive lesson in American financial history than the success of the Suffolk Bank system of redeeming bank notes. If those who are called on to legislate on American banking would study that history and take its lesson to heart it would be a very fortunate thing for the



STATE STREET AND THE OLD STATE HOUSE IN 1801

people of this country. For it contains the essence of sound banking—the actual daily application of the coin test to bank credits.

Hardly less impressive is the example of the Boston Clearing-House in establishing a method of clearing New England checks, a device that has



FRANKLIN STREET IN 1855, NEAR THE PRESENT SITE OF THE FIRST NATIONAL BANK

resulted in great economy and proven entirely successful.

Again, when the Boston bankers found that the number of banks was in excess of the city's needs, they brought about a consolidation of existing institutions which greatly strengthened the local banking situation.

why other States do not follow the example of Massachusetts and leave out the State bank.

As one of the country's great commercial and financial centres Boston is, of course, a banking point of first importance. The skillful handling of their funds has



OLD SOUTH MEETING HOUSE, BUILT IN 1729

This building was a favorite meeting-place of the Colonists, so that it came to be known as the "Sanctuary of Freedom." The building, now used as a museum, owes its preservation to a committee of twenty-five public-spirited Boston women. The building on the left was the first business block built in Boston.

Besides these features of banking which the visiting banker will find interesting and profitable to study, a striking omission from the city's banking machinery will be noted—there are no State banks of deposit and discount; and perhaps when the banker reflects that trust companies are generally substantially State banks, with some added functions, he will wonder

not only given the bankers of the city a high reputation, but has been of great service to the commerce and industry of many parts of the United States. There are numerous fine bank buildings equipped with everything modern, while the systems of carrying on business are in themselves worthy of careful study.

To the banker, as a banker, no city



THE UNION BUILDING, STATE STREET, BUILT ABOUT 1810

In front of this building is the site of the Boston Massacre, marked by a circular pavement in the street, and from this corner the first regular stage coach to New York started. The building is now the home of the National Union Bank and Lee, Higginson & Co.

in the country is more interesting than this, but to the banker as a man it is even more fascinating. If concerned about education, he will find in the Massachusetts Institute of Technology

and amid the classic shades of Harvard something to engage his interest; if a lover of landscape art, the Public Gardens, the Arnold Arboretum, the many parks and private grounds will offer a



THE BOSTON CUSTOM HOUSE IN 1850

charm not easily surpassed by other American cities; the man who believes that books are a world will find many of such "worlds" amid fine surroundings at the Public Library. Indeed, every healthful side of man's nature meets here ample provision for enjoyment.

are near by and beckoning to their sequestered solitudes and inviting all to partake of rest and refreshment to the body and the soul.

While the eye and the mind are delighted in Boston, the ear sensitive to the niceties of the English tongue can-



296 BEACON STREET, THE FORMER HOME OF DR. OLIVER WENDELL HOLMES

Encircling the city are many towns rich in rural beauties and freighted with traditions of the past—the picturesque "Cape," Marblehead, Portsmouth, the New Hampshire lakes and mountains reflecting the glories of early autumn—all these and many other scenes of beauty and haunts of the sceptred spirits who still rule us from their urns

not fail to note that our language is here spoken with a purity that makes the speech of many other localities sound painfully like a jargon.

But not alone is the mind ministered to in Boston. Here remain a few of those comfortable inns like the Parker House and Young's where to dine is a pleasure. Of course, for the lover of



55 BEACON STREET, THE FORMER HOME OF PRESCOTT, THE HISTORIAN

the more modern there is also the Copley-Plaza and the Touraine.

Thoroughly to appreciate Boston one should dine at one of the places first named, eat beans and brown bread on Saturday night and the invariable

baked potato for breakfast. Then admire the Common, the Frog Pond and the Sacred Codfish, and you will begin to love the old city as does the writer of these words.

If you are less intellectual than has



AN OLD PRINT OF THE BOSTON MASSACRE, STATE STREET, NEAR THE OLD STATE HOUSE

been assumed by what has been said, still you need not go sorrowfully through the winding lanes of the city. Liquid refreshment may be had in plenty—but must be taken in the public view and without the friendly screen to shut out the curious gaze of the passing throng; manly sports on field and river are a part of the public life, while Revere Beach and Nantasket offer

abundant opportunity to the frivolous to indulge his propensities.

Yet the real Boston is none of these things. It lies in the native fibre of its people—a mighty force of righteous power that has helped immeasurably in fashioning this country of ours in accord with the highest ideals of modern civilization.

Points of Interest in and About Boston

THE following list of many interesting places in Boston and vicinity is published through courtesy of the Boston "Evening Transcript":

ARLINGTON STREET CHURCH—Arlington and Boylston streets. Tablets to Chan-

ning, Gannett and others. Tiffany windows. Open daily 9 a. m. to 4 p. m.

ARMORY, FIRST CORPS CADETS (organized 1741)—Columbus avenue and Ferdinand street. Containing the Corps collection and museum of arms, medals, uniforms, books and papers, and the Loyal Legion, Massachusetts Military Historical Society, and the Society of the Cincinnati collections and libraries. Open daily, until 6.

BATTERY WHARF—379 Commercial street. On this site at Merry's Point the North Battery was erected in 1646 and works were maintained here until after the Revolution.

BELLINGHAM-CARY HOUSE—34 Parker street, Chelsea. Built 1659 by Governor Bellingham, passed by inheritance to Margaret Graves, who married, 1741, Captain Samuel Cary of Charlestown. Their oldest child, Samuel, became a wealthy West India merchant (see Cary letters published), and married, 1772, Sarah Gray of Boston, whose thirteen children and their descendants owned and occupied the house until 1911, when it was bought by the Cary House Association. A splendid old Colonial mansion.

BIRTHPLACE OF REV. S. F. SMITH, D.D., author of "America," 37 Sheafe street, North End.

"BISHOP'S PALACE"—10 Linden street, Cambridge. Built about 1761 by Rev. East Apthorp. Israel Putnam's headquarters until Bunker Hill. Residence of Burgoyne after his surrender at Saratoga.

BOSTON COMMON—This tract of land, containing nearly fifty acres, was bought in 1634 by Governor Winthrop and others from William Blackstone, who held his title by a right of possession gained prior to the settlement of Boston in 1630, and was set apart for common use as a cow pasture and training field. "Frog Pond," Soldiers' Monument crowns Flagstaff Hill, where British artillery was stationed during siege of Boston, when troops were quartered and intrenched here. From what is now Park square the British embarked for Lexington, April 18, 1775. On the Common the British mustered before Bunker Hill. Here mustered contingents for Colonial expeditions against Louisburg and Quebec. Here many Massachusetts regiments assembled prior to going to the front in the Civil War. On Beacon street mall, opposite State House, stands the Shaw Monument, by Augustus Saint-Gaudens, a memorial to Colonel Robert G. Shaw and the Fifty-Fourth Massachusetts Regiment.

BOSTON MASSACRE—The site of the riot between a mob of townspeople and the British guard, March 5, 1770, is in State



BUNKER HILL MONUMENT, CHARLESTOWN

This historic monument was begun in 1825, the corner-stone being laid by Marquis de Lafayette, and the oration being delivered by Daniel Webster. The monument was not completed until 1843, Webster again delivering the oration.



BOSTON OPERA HOUSE. HUNTINGTON AVENUE

by St. Andrew's Lodge of Freemasons, street, corner of Exchange street, near the Old State House. It is marked by a circle in the stone paving and by a tablet on building on west corner of Exchange street.

BOSTON STONE—A round stone embedded in wall as one goes into Marshall street from Hanover, North End. Inscribed "1737." Originally a paint muller imported from England, 1700.

"BOSTON TEA PARTY"—Dec. 16, 1773. Griffin's Wharf, Atlantic avenue and Pearl street. Site marked by tablet in wall of building on land side.

BUNKER HILL MONUMENT—Monument square, Charlestown. A granite obelisk, 221 feet high, on Breed's Hill, within the lines of the American redoubt, which was the center of the Battle of Bunker Hill, June 17, 1775. Revolutionary relics. Winding stairway of 294 steps to top. 8 to 5.30.

CITY HALL—School street. Latin School established in 1635 on this site. Here stood the County Court House erected in 1810, occupied as a City Hall 1841-1862. Present building dedicated in 1865.

COOPER-AUSTIN HOUSE—21 Linnaean street, Cambridge. Erected about 1657 by Deacon John Cooper, who first settled in Cambridge with his stepfather, Gregory Stone, in 1836. Enormous old fireplaces, beautifully carved beams, and fine seventeenth-century sheathing may be seen in this house. The property of the Society for the Preservation of New England Antiquities.

CHRIST CHURCH—(Old North Church)—Salem street, foot of Hull street. Dedicated 1723. From its steeple were displayed Paul Revere's signal lanterns, April 18, 1775. Open free on application to sexton.

CHRIST CHURCH—Garden street, Cambridge. Built 1759-1761. Here Washington held services New Year's Eve, 1775. Its lead organ pipes were melted into bullets during siege of Boston. It being Tory property.

CONCORD—Among points of interest are Battle Ground, Old North Bridge, Statue of the Minute Man, Old Monument. Site of Meeting House where First Provincial Congress met in 1774, the Old Manse, Old Burying Ground, Historical Houses and Tablets.

CONSTITUTION WHARF—409 Commercial street. Here Old Ironsides was built by Edmund Hartt 1794-97.

CRADOCK HOUSE—Riverside avenue, Medford. Built 1634, the first brick house in the colony, and the oldest house standing in North America. Every brick was imported from England. Named from Matthew Cradock, first governor of the Massachusetts Company in New England.

DEANE WINTHROP HOUSE—Winthrop. Built in 1637. One of the oldest houses in New England. Open from 2 to 5 p. m. Historical collection.

DORCHESTER HEIGHTS—G street, South Boston. Monument marks spot where Wash-

ington planted batteries which drove the British out of Boston, March 17, 1776.

EDWARD DEVOTION HOUSE—Harvard street, Brookline (near Coolidge Corner). Built 1680. Open Saturdays, 11 to 4.

FANEUIL HALL—Merchants row and Faneuil Hall square. "Cradle of Liberty." Built, 1742, by Peter Faneuil and given to Boston as a town hall. Burned 1761, rebuilt 1763. Focus of Revolutionary movement in Boston and the colonies. Used by British officers as a playhouse during siege of Boston. Enlarged, 1805, from Charles Bulfinch's plans. Market below, public hall above, and armory of the Ancient and Honorable Artillery Company [chartered 1638] over all. Hall has many historical paintings and portraits. Armory has Military Museum and Library. Hall open week days, 9 to 5. Armory, weekdays, 10 to 4.

FIRST CHURCH IN BOSTON—Corner of Berkeley and Marlboro streets. Contains tablets and statues to Winthrop, Cotton, Dudley, Johnson, and many of the founders of Massachusetts Bay Colony, together with various memorials to people of more recent prominence in the Commonwealth. Open daily from 10 to 12 and 3 to 4.

FIRST CHURCH IN ROXBURY—Elliot square. Open through the summer, free to visitors, from 1 to 3 p. m. The Church of the Apostle Elliot, whose chair is on exhibition. A number of tablets have been placed in memory of the earliest and later worshippers.

FORT HILL SQUARE—Site of Fort Hill, 80 feet high, levelled in 1866-1872. First fort erected in 1632 and fortifications maintained until after the close of the Revolution.

FRANKLIN'S BIRTHPLACE—Site covered by building, 17 Milk street.

GREEN DRAGON TAVERN—80-86 Union street. Used as a tavern and lodge rooms



OLD NORTH CHURCH

Where the "signal light" was "hung aloft" that started Paul Revere on his famous ride to warn the villagers of the approach of the British. The proper name of the building is Christ Church but it is as the "Old North" that it has come down through history.

where meetings of the patriots were held previous to the Revolution. Site marked by tablet.

JOHN HANCOCK HOUSE—Beacon street, just west of State House. Built in 1737; removed in 1863. Site marked by tablet.

JOSEPH WARREN HOUSE—Hanover street. Site now occupied by the American House. Marked by tablet.

KING'S CHAPEL—Tremont and School streets. First chapel built in 1686, present one in 1749. Old English architecture. First Episcopal church in Boston. Here British officers worshipped during siege. Became first Unitarian church in United States, 1785. Open daily 9 to 12.

LEXINGTON—Among points of interest are The Common, Boulder Line of the Minute Men, Battle and Minute Man monuments. Historical Houses and Tablets.

LIBERTY TREE—Washington street, opposite Boylston street. Tablet on building marks site of the famous old Liberty Tree, planted in 1616 and cut down by the British in 1775. Stamp Act meetings were held here and Tory leaders hung in effigy.

LONGFELLOW HOUSE—105 Brattle street, Cambridge. Built in 1759 by Colonel John Vassall, Jr., a Tory, who fled at commencement of Revolution. Occupied by Washington as headquarters from July 15, 1775, to April, 1776. Subsequently bought by Andrew Craigie, from whose estate Longfellow acquired it by purchase about 1843. Generally called Craigie House. Before sale to Longfellow it was occupied by Jared Sparks, Edward Everett, and Joseph E. Worcester of dictionary fame.

LOWELL House—Elmwood avenue, Cambridge. Built about 1760. Once the home of Elbridge Gerry, a signer of the Declaration of Independence, and Vice-President 1813-14. Used as a hospital after Bunker Hill. James Russell Lowell born here Feb. 22, 1819, and it was long his home.

MASSACHUSETTS HALL—Harvard Yard, Cambridge. Built 1720. Oldest university building. Judge Joseph Story roomed here when a student.

MASSACHUSETTS HISTORICAL SOCIETY—1154 Boylston street, on the Fenway. Library open daily. Cabinet of relics. Wednesdays, 2 to 4.

MUNROE TAVERN—Lexington. Built in 1695, was a famous hostelry for 163 years. Taken by Earl Percy and used as a hospital for the British on the afternoon of April 19, 1775. Relics of Revolutionary days. Open weekdays 10 to 5.

NAVY YARD—Chelsea street, Charlestown. Dating from 1780. 110 acres. Collections, relics, rare paintings, models, etc. Frigate Constitution, 9 to 4.

OLD CORNER BOOKSTORE—Washington and School streets. Built 1712 as a drug shop by Thomas Crease, on site of Ann Hutchinson's dwelling. A bookstore 1828-



PAUL REVERE HOUSE

From about 1770 until 1800 this was the residence of Paul Revere, one of the great popular heroes of American history.

1903, and the gathering place of Boston writers.

OLD NORTH CHURCH—See Christ Church.

OLD POWDER HOUSE—Somerville. Built early in the eighteenth century as a mill. Acquired by Massachusetts Bay Colony, 1747, and used as a magazine. Here the British seized 250 half-barrels of powder, Sept. 1, 1774.

"OLD SHIP"—Main street, Hingham. Built 1681. Oldest church in United States now used as a place of worship.

OLD SOUTH MEETING-HOUSE—Washington and Milk streets. Built 1729 to replace wooden church which had stood on this site. On the lot north of the meeting-house stood the (second) house of Governor Winthrop. Benjamin Franklin was baptized here on the day of his birth, Jan. 17, 1706. Here many town meetings were held in massacre and tea-tax times. Used by British as a riding-school, 1775. Use as church abandoned, 1872. Revolutionary relics. Open 9 to 4.30.

OLD STATE HOUSE—Washington street, head of State street. Here the first Town House was built, 1657, in the earliest market-place of Boston. Burned in 1711, it was rebuilt in 1712. Again burned in 1747, the present structure was built in 1748, the walls of the former building being utilized. Here met colonial courts and legislatures, the town and city governments, and the General Court of the Commonwealth. John Hancock was here inaugurated first governor of the Commonwealth of Massachusetts in 1780. In front of it occurred the burning of stamp clearances and the Boston Massacre. Here were the whipping post and the stocks. Used as City Hall, 1830 to 1840. Building restored in 1882. Bostonian Society collection of relics. Open 9 to 4.30.

OLD WEST CHURCH—Cambridge and Lynde streets. Now used as a branch of



CHRISTIAN SCIENCE CHURCH, SHOWING PUBLISHING HOUSE, OLD CHURCH AND PARK



HARVARD MEDICAL SCHOOL, BOSTON

the Boston Public Library. Built 1806 on site of edifice of 1737, which was a signal station for Americans and a barracks for the British during the siege. Open 9 a. m. to 10 p. m.

PARK STREET CHURCH—Corner Park and Tremont streets. Erected in 1810 on site of the granary where sails of the U. S. frigate Constitution were made. "America" was first sung in this church.

PAUL REVERE HOUSE—19 and 21 North square. Built 1660. Remodelled 1908. Home of Paul Revere, 1770-1800. Open 10 to 4.

PLYMOUTH—Among points of interest are Plymouth Rock, Pilgrim Hall, Burial Hill, National Monument to the Forefathers, Historical Houses and Tablets.

PROSPECT HILL MONUMENT—Somerville. Here first was displayed the thirteen-striped flag of the American colonies, though the stars had not replaced the crosses of St. George and St. Andrew in the union.

PROVINCE HOUSE—327 Washington street. Built in 1679. In the rear stood the Province House, the official residence of the royal governors of the Province of Massachusetts Bay from 1716 to 1776. A portion of the original walls still remains.

QUINCY HOMESTEAD—Quincy, Mass. Built 1636-1706. Restored and furnished as a monument of Colonial times by the Massachusetts Society of Colonial Dames. Open 11 to 5.

REBECCA NOURSE HOUSE—Oldest framed building in New England; built by Townsend Bishop of Salem, 1636; 149 Pine street, Danvers. Museum of household belongings of early Colonial times. Open 10 to sunset.

ROBERT TREAT PAINE HOUSE—Site now covered by the Equitable Building, corner Milk and Federal streets.

ROYALL HOUSE AND SLAVE QUARTERS—Medford. The Ten-Hill Farmhouse of Governor Winthrop, the residence of Colonel Isaac Royall, the headquarters of General Stark, the finest specimen of Colonial architecture in Greater Boston. Open 2 to 5.

SALEM—Among points of interest are Essex Institute, Marine Museum, House of the Seven Gables, Hawthorne's Birthplace, Roger Williams' or Witch House.

SAMUEL ADAMS HOUSE—Corner Winter street and Winter place. Site of his home from 1784 until his death Oct. 2, 1802. Marked by tablet.

SHAW MONUMENT—See Boston Common.

SPRING LANE—Washington street, between Water and Milk streets. Location of the Great Spring, which for more than two centuries gave water to the people of Boston.

STATE HOUSE—Beacon, head of Park street. Hill on which State House stands was originally called Treamount, later changed to Sentry Hill when used as a lookout, and after the erection of the Beacon in 1635 received the name of Beacon Hill. Corner-stone of Bulfinch front laid

July 4, 1795. Extension built 1889 at a cost of about \$4,000,000. Statuary, historical paintings, battle-flags, war relics. House of Representatives contains celebrated Codfish emblem. Gilded dome, lighted at night by 498 electric lights; accessible to public whenever building is open, except during sessions of the Senate. 9 to 5.

WADSWORTH HOUSE—Harvard square, Cambridge. Home of Harvard University presidents for 123 years, 1726-1849, Wadsworth, Holyoke, Locke, Langdon, Willard, Webber, Kirkland, Quincy, Everett. Temporary headquarters of Washington, 1775.

WASHINGTON ELM—Garden street, Cambridge. Under this tree Washington took command of the American Army, July 3, 1775.

WAYSIDE INN—Sudbury. Built 1657. Has sheltered Washington and Lafayette. Scene of Longfellow's "Tales of a Wayside Inn." Historical collection.

WENDELL PHILLIPS HOUSE—Corner Essex street and Harrison avenue extension. Site of his home for forty years. Marked by tablet.

"YE OLDE BLAKE HOUSE"—Built 1648. Edward Everett square, Dorchester. Occupied by Dorchester Historical Society. Colonial and Civil War relics. In front of the house is the Old Dorchester Mile Stone, 173 years old. Tuesdays, Thursdays and Saturdays, 2 to 5.

Cemeteries.

CENTRAL BURYING GROUND—Boston Common, near Boylston street. Established 1756. Graves of British soldiers killed at Bunker Hill. Stuart, portrait painter, lies here.

COPP'S HILL BURYING GROUND—Charter and Hull streets, North End, near Old



MINOT'S LEDGE LIGHT, BOSTON HARBOR

North Church. Second oldest in Boston, dating from 1660. Here lie Increase, Cotton and Samuel Mather, Edmund Hartt, builder of frigate Constitution, Rev. Jesse Lee and others. Gravestones used as targets by British during siege still show bullet marks.

DORCHESTER NORTH BURYING GROUND—Columbia road and Stoughton street. Established by town order, 1633. Many early graves; including that of Richard Mather, father of Increase. Curious epitaphs.

ELIOT BURYING GROUND—Washington and Eustis streets. Here lie Rev. John Eliot, apostle to the Indians, and other early Roxbury settlers.

FOREST HILLS (Consecrated 1848)—Morton street, Forest Hills. Five minutes' walk up Tower street from Elevated station, 250 acres. General Joseph Warren, Rear Admiral John A. Winslow, William Lloyd Garrison, Sr. James Freeman Clarke, Edward Everett Hale, Martin Milmore and Fanny Davenport are buried here. Fire Department lot. One of the most beautiful cemeteries in the country. Open 6 until sunset.

KING'S CHAPEL BURYING GROUND—Tremont street, adjoining King's Chapel. First burying place in Boston; interments as early as 1630. Here lie Governor John Winthrop, Lady Andros, wife of Governor Andros, John Cotton, Governor Shirley, Davenport, Oxenbridge and other early personages, including Major Thomas Savage of King Philip's War fame. Few burials here since 1796. Open 9 to 12.

MT. AUBURN—Brattle street, Cambridge. Oldest garden cemetery in the United States. Graves of Longfellow, Lowell, Sumner, Phillips Brooks, Agassiz, Charlotte Cushman, Edward Everett, Mary Baker Eddy and others. Open 7 to sunset.

MT. HOPE—Walk Hill street. Fine monuments to Civil War soldiers and fraternal orders. Open sunrise to sunset.

OLD CHARLESTOWN BURYING GROUND—Phipps street. Dates from 1642. Here lie John Harvard, founder of Harvard University, and Thomas Beecher, ancestor of



SECOND NATIONAL BANK, DEVONSHIRE STREET

the famous Beecher family. Tombstones in this ground were all that was left standing of Charlestown when it was destroyed by fire by the British in 1775.

OLD GRANARY BURYING GROUND—Tremont street between Beacon and Park. Here lie most of the personages of historic Boston; seven early governors—Bellingham, Dummer, Hancock, Adams, Bowdoin, Eustis, Sumner, Peter Faneuil, Paul Revere; the parents of Benjamin Franklin; the victims of the Boston Massacre; Robert Treat Paine, signer of the Declaration; John Phillips, first mayor of Boston, and many others. So called from town granary on site of Park Street Church.



PENN MUTUAL BUILDING, MILK STREET,
HOME OF THE BEACON TRUST CO.

Public and Semi-Public Buildings.

BARNUM MUSEUM OF NATURAL HISTORY—Tufts College. Elephant Jumbo and other mounted rare animals; fossils and minerals. Open 9 to 12 and 2 to 5, except Sundays and holidays.

BLANCHKA GLASS MODELS of plants and flowers. (The Ware Collection). Central Section of University Museum. Oxford street, Cambridge. 9 to 5.

BOSTON COLLEGE—761 Harrison avenue.
BOSTON UNIVERSITY—College of Liberal Arts, Graduate School, Boylston street, corner of Exeter. School of Law, 11 Ashburton place. School of Theology, 72 Mt. Vernon street. School of Medicine, 80 East Concord street.

CHAMBER OF COMMERCE—Milk, India and Central streets.

COLLECTION OF HISTORICAL MATERIAL—New England History Teachers' Association; at Simmons College, The Fenway. Includes maps, charts, atlases, casts, models, pictures and other aids to the teaching of history, government and economics. Open 12.35 to 1.40 and 4 to 6.

COURT HOUSE—Pemberton square. Built 1885, at a cost of \$4,000,000.

CUSTOM HOUSE—State and India streets.

FOGG ART MUSEUM OF HARVARD UNIVERSITY—Harvard College Yard, facing on Broadway, Cambridge. Contains collections of classical antiquities, early Italian paintings, prints, nineteenth century English watercolors, also casts and photographs. Open 9 to 5.

HARVARD MEDICAL SCHOOL—Longwood avenue.

HARVARD UNIVERSITY—Harvard square, Cambridge.

HARVARD UNIVERSITY MUSEUM—Oxford street, Cambridge. Contains collections pertaining to ethnology (Peabody Museum); zoology and geology (Museum of Comparative Zoology); mineralogy and botany (Agassiz Hall). Open 9 to 5.

MASONIC TEMPLE—Tremont and Boylston streets.

MASSACHUSETTS HORTICULTURAL SOCIETY—Huntington and Massachusetts avenues.

MASSACHUSETTS INSTITUTE OF TECHNOLOGY—Boylston, between Berkeley and Clarendon streets.

MUSEUM OF FINE ARTS—Huntington avenue and Fenway. Open 9 to 5.

MUSEUM OF NATURAL HISTORY—Boylston and Berkeley streets. Open 9 to 4.30.

NAVAL HOSPITAL—Broadway, Chelsea, 1826. 75 acres.

NEW ENGLAND CONSERVATORY OF MUSIC—Huntington avenue and Gainsboro street.

PAINE MEMORIAL HALL—Given in memory of Thomas Paine. Appleton, near Tremont street.

PEABODY MUSEUM (Harvard)—Archaeology and ethnology. Divinity avenue, Cambridge. Exhibits illustrate the customs and costumes of the North American Indians, and of the native peoples of South America, Africa, Pacific Islands, etc.; the prehistoric archaeology of North, Central and South

America, and Europe; comparative human osteology. Open 9 to 5.

PERKINS INSTITUTION FOR THE BLIND—Watertown, between No. Beacon street and the river.

POST OFFICE—Federal Building. Post Office square, Milk, Devonshire and Water streets. Tablet on corner of Milk and Devonshire streets marks spot where great fire of Nov. 9-10, 1872, was stopped. Sixty acres burned over, with a property loss of over sixty million dollars.

PUBLIC LIBRARY—Copley square. Most important public library in the world. Abbey, Sargent and Puvis de Chavannes mural paintings. Bronze entrance doors by French. Statuary by Bela L. Pratt, Frederic Macmonnies, Augustus and Louis Saint-Gaudens. Open 9 a. m. to 10 p. m.

QUINCY MARKET—Between North and South Market streets, off Faneuil Hall and Dock squares.

RADCLIFFE COLLEGE—Woman's auxiliary of Harvard. Garden street, Cambridge.

SIMMONS COLLEGE—Fenway.

SOLDIERS' HOME—Powderhorn Hill, Chelsea.

STOCK EXCHANGE—Congress street corner Exchange place. Entrance through Exchange Building, 53 State street.

SUB-TREASURY—Federal Building. Post Office square, Milk Devonshire and Water streets.

SYMPHONY HALL—Huntington and Massachusetts avenues.

THE FIRST CHURCH OF CHRIST, SCIENTIST—Located in a triangle formed by Falmouth, Norway and St. Paul streets, was completed in June, 1906. Open 10 to 5. Wednesdays and Fridays.

TUFTS COLLEGE—Tufts College station. **UNITED STATES ARSENAL**—Watertown. Manufacture of gun carriages, implements of war; 800,000-pound testing machine. Open 8 to 5.

Boston Convention of the American Bankers Association

FOR the thirty-ninth annual convention of the American Bankers Association, to be held at Boston October 6 to 11, the following general plan for the business and social programme has been adopted:

Monday, October 6, 9 A. M., committee meetings. Executive council, 2 P. M. All at the Copley-Plaza Hotel, which is headquarters.

Tuesday, October 7. At the Copley-Plaza, A. M. and P. M. sessions, Trust Company, Savings Bank, Clearing-House, and State Secretaries Sections.

Wednesday, October 8. Sessions of the association at Symphony Hall, 9.30 o'clock A. M. Addresses of welcome, president's address, and response to addresses of welcome. Annual reports of the officers of the association, and an address. 2 o'clock P. M.,

address, report of currency commission, and report of the Committee on Constitutional Revision.

Thursday, October 9. Convention called to order at 9.30 o'clock a. m. Symposium of the Association's Committee on Agricultural and Financial Development and Education, presided over by Joseph Chapman, chairman of the committee. Addresses by James J. Hill, President Vincent of the University of Minnesota, and others. Debates and questions and action on report.

Afternoon session, 2 o'clock. Addresses, reports of committees, new business and unfinished business, resolutions, report of the committee on nominations, installation of officers.

Meeting and organization of the new executive council at the Copley-Plaza Hotel, following the adjournment of the convention.



THOMAS P. BEAL
PRESIDENT SECOND NATIONAL BANK,
CHAIRMAN EXECUTIVE COMMITTEE



DANIEL G. WING
PRESIDENT FIRST NATIONAL BANK,
EXECUTIVE COMMITTEE



WILLIAM A. GASTON
PRESIDENT NATIONAL SHAWMUT BANK,
EXECUTIVE COMMITTEE



PHILIP STOCKTON
PRESIDENT OLD COLONY TRUST CO.,
EXECUTIVE COMMITTEE



NATIONAL SHAWMUT BANK, WATER STREET

The various committees scheduled to meet during the week, such as the nominating committee, etc., will be announced in the official programme.

It will be noted that there are no entertainment features during the business sessions except for the ladies; entertainment has been arranged for every evening during the week and the entire day of October 10.

The administrative committee, to whom were referred the details of the programme,

will announce later the prominent speakers who will address the convention.

BRILLIANT ENTERTAINMENT FEATURES.

It is evident that the thirty-ninth annual convention of the American Bankers Association in Boston will eclipse any previously held in attendance records, in importance of business transacted and in genuine pleasure to the delegates and their ladies.

The entertainment which the Boston hosts will provide for the representatives of the banking interests from all the other financial centres has never been surpassed by any convention programme committee. It excels in inter-



FIRST NATIONAL BANK, FEDERAL STREET

est, in quality and in quantity. Some of the features planned could not be duplicated in any other city, and only the highest achievements have been attempted.

Because of the desire of the national programme committee to have the convention addresses of the utmost timeliness, the full list of speakers and subjects will be announced later.

But the Bostonians have their part of the programme well in hand and it is worth reading about.

To begin with, one hundred automobiles will be provided to take 500 guests each morning and 500 each afternoon

BOSTON SAFE DEPOSIT AND TRUST CO.,
FRANKLIN STREET



HARRY L. BURRAGE
VICE-PRESIDENT NATIONAL SHAWMUT BANK,
CHAIRMAN AUTOMOBILE COMMITTEE



CHARLES P. BLINN, JR.
VICE-PRESIDENT NATIONAL UNION BANK,
CHAIRMAN HOTEL COMMITTEE



THOMAS P. BEAL, JR.
VICE-PRESIDENT SECOND NATIONAL BANK,
CHAIRMAN ENTERTAINMENT COMMITTEE



F. L. HIGGINSON, JR.
LEE, HIGGINSON & CO.,
CHAIRMAN FINANCE COMMITTEE



OLD COLONY TRUST CO., COURT STREET

of the four days on one of four three-hour trips, carefully planned to give the visitors the best possible views of the city proper, the Metropolitan park system, Concord and Lexington, and the North Shore of Massachusetts Bay.

To aid the visitors on their walks about the interesting city, descriptive signs will be located in the historic sections, and guides will be provided to conduct the delegates and their families and friends about Boston and Cambridge and on trips of inspection to leading industrial plants.

On Monday evening, Charles River Basin, the largest mid-city water park in the world, the only American inner waterfront conservation comparable with the famous Alster Basin of Hamburg, will be the scene of a motor boat carnival with a dazzling electric illumination and one of the most spectacular and artistic displays of fireworks ever arranged. On the bridges that span the basin and the broad esplanades at the sides there is room for half a million persons to join in the hearty wel-

come to the visitors; and it is not unreasonable to expect such a gathering. The basin is within three or four minutes' walk of convention headquarters in the Copley-Plaza Hotel.

However delightful the other affairs of the week may be, it is not unlikely that the most soul-satisfying event for the ladies will be the reception and ball on Tuesday. To guarantee the success of this evening there will be 150 ushers under the direction of Barrett Wendell, Jr., the music will be by Kanrick's Orchestra of forty pieces—considered to be the best ballroom orchestra in New England, and there is ample accommodation for 800 couples on the floor of the majestic Symphony Hall. During the ball a buffet supper will be served in Horticultural Hall which will be connected with the ballroom by an awning and a carpet across Massachusetts avenue.

On Wednesday evening decidedly unique entertainment will be provided in the form of meetings in Faneuil Hall, the Old South Meeting House, Christ



EDMUND BILLINGS
PRESIDENT PAUL REVERE TRUST CO., CHAIRMAN
INDUSTRIAL COMMITTEE



R. H. BEAN
NATIONAL UNION BANK, CHAIRMAN
INFORMATION COMMITTEE



FRANK H. WRIGHT
SECOND NATIONAL BANK, CHAIRMAN HALL
COMMITTEE



BARRETT WENDELL, JR.
LEE, HIGGINSON & CO., CHAIRMAN RECEPTION
AND BALL COMMITTEE

Church and King's Chapel, where, as a part of appropriate exercises, distinguished orators will dwell briefly upon the early history of America with especial attention to the part played by these ancient edifices in the planning of the Republic.

For thirty-two years Boston has had to thank Colonel Henry L. Higginson of Lee, Higginson & Co. for its world-famous Symphony Orchestra, and



COMMONWEALTH TRUST CO., SUMMER STREET

MERCHANTS NATIONAL BANK, STATE STREET.
NOW UNDER CONSTRUCTION

many years conductor of the Royal Opera, Berlin, will direct this special concert for the visiting bankers. The selections will be from the best works of all schools and of all periods.

Symphony Hall, in which this concert and the reception and ball of Tuesday evening will take place, was built at a cost of \$750,000 especially to house the Symphony Orchestra. Its beautiful auditorium will seat 2,620 persons.

At 10.30 Friday morning three large excursion steamers will take the convention visitors on a tour of Boston Harbor. Opportunity will be given for a glance at the port development that is going on here; and there will be a

through his good will the Symphony will begin its season a week earlier than usual with a private concert for the visitors at the American Bankers Association convention on Thursday evening of convention week. This orchestra stands without a superior. It has 100 musicians permanently on its payroll. For ordinary concerts it uses eighty-five instruments, including sixteen first violins, fourteen second violins, ten violas, ten 'cellos and eight double basses. Included in its membership are some of the greatest artists in the world, and the Boston Symphony Orchestra has fixed a standard of performance which has placed America in a most enviable position among musical people of all countries. Dr. Karl Muck, for



INTERNATIONAL TRUST CO., MILK STREET

sail among the beautiful islands that are so rich in historic and legendary associations. At 1.30 in the afternoon the visitors will all sit down together in Paragon Park, an amusement enclosure at Nantasket Beach, and enjoy a New England clam bake. The return to Boston in the three steamers is scheduled for 5.30 p. m. No detail that will con-



BANKING HOUSE OF HORNBLOWER & WEEKS,
BOSTON

tribute to the success of this day is being neglected; and it is safe to predict that it will close the convention most happily.

BOSTON BANKERS HELPING TO MAKE THE CONVENTION A SUCCESS.

Details of the Boston entertainment are under the supervision of an executive committee consisting of the following well-known bankers: T. P. Beal,

president Second National Bank, chairman; A. L. Ripley, vice-president Merchants National Bank; W. A. Gaston, president National Shawmut Bank; D. G. Wing, president First National Bank; Philip Stockton, president Old Colony Trust Company; Allan Forbes, president State Street Trust Company; W. R. Evans, president Five Cents Savings Bank, and Harry L. Ayer, secretary.

The chairmen of the other committees are: T. P. Beal, Jr., Second National Bank, entertainment; Charles P. Blinn, Jr., National Union Bank, hotel; Charles E. Bockus, Old Colony Trust Company, publicity; F. L. Higginson, Jr., Lee, Higginson & Company, finance; Harry L. Burrage, National Shawmut Bank, automobile; Barrett Wendell, Jr., Lee, Higginson & Company, reception and ball; Clifton H. Dwinell, First National Bank, carnival; Henry J. Nichols, Swift & Company, catering; Randolph C. Grew, City Clubs; Herbert Jaques, Country Club; G. W. Hyde, First National Bank, decoration; Storer Ware, Bond & Goodwin, excursion; Frank H. Wright, Second National Bank, hall; Gaspar G. Bacon, Gaston, Snow & Saltonstall, Harvard; C. B. Wiggins, Merchants National Bank, historical and church; R. H. Bean, National Union Bank, information; Edmund Billings, Paul Revere Trust Company, industrial; Arthur Adams, New England Trust Company, music; W. C. Waite, Merchants National Bank, police; Charles W. Cole, Old Colony Trust Company, theatre; and M. C. Brush, Boston Elevated Railway Company, transportation.



THE HOTEL SOMERSET, COMMONWEALTH AVENUE

Providence — The Southern Gateway of New England

By GROVER C. RICE.

PROVIDENCE was founded in 1636 by Roger Williams when he and his companions landed from their frail canoe and found the "spring of clear sweet water." The first settlers naturally turned to agriculture, which continued to be the chief occupation until the end of the seventeenth century when Providence became an important seaport. During the greater part of the eighteenth century the principal industry was shipping and trading. The leading families of Providence were shipowners, carrying on trade with all parts of the world. The first cotton mill in America was established in Pawtucket, near Providence, in 1790; other mills soon sprang up in Provi-

dence and in a short time the entire life of the community was changed. This was the starting point of Providence as a manufacturing and industrial city.

AREA AND POPULATION.

The area of Providence is 18.29 square miles and within this territory there are 237,000 persons. Providence is surrounded by a large number of small cities and towns and from these towns thousands of people flock into Providence to do their buying and transact other business. At a conservative estimate the city is the trading centre for a population of 500,000 people. It is the second city in New Eng-



THE RHODE ISLAND STATE HOUSE, PROVIDENCE

land in size, population and as a financial, shipping and trading centre.

INDUSTRIES.

Providence is the seventeenth city in the United States in the value of manufactured products. It is the first city in the country in the manufacture of jewelry and silverware. In this industry alone \$17,050,490 of capital is invested. There are about 11,000 workers employed in the 300 jewelry

factory, file factory, engine factory, screw factory and silverware factory in the world. The total number of manufacturing factories in Providence is 1,100, the capital invested is \$118,512,000, the number of workers employed is about 50,000 and the annual production is \$120,328,000.

BANKS AND BANKING.

In 1888, twenty-five years ago, the Providence Clearing-House Association



THE PUBLIC LIBRARY, PROVIDENCE

and silverware factories in Providence. The amount of money paid to this army of workers annually is about \$5,000,000. The value of the material used is \$10,000,000 and the value of the finished products is \$20,700,000. Providence is also the first city of the country in the manufacture of woolen and worsted goods. These two industries combined employ about 12,000 workers and have an annual output of \$32,000,000. This city enjoys the distinction of having the largest mechanical tool

was organized with thirty-four banks as members. To-day there are only fourteen banks in the association, thus showing that twenty banks have been absorbed or gone out of business. This is due largely to consolidation and absorption of the smaller banks and the result is a small number of strong financial institutions instead of a large number of small ones. Providence has nine national banks, three State banks, three savings banks, four trust companies, one cooperative bank and two savings



THE STATE NORMAL SCHOOL, PROVIDENCE

and loan associations. The combined capital of the banks and trust companies totals \$12,080,475. The following figures show the deposits in the different classes of banks June 30, 1913:

National banks	\$24,841,463.22
State banks	2,782,555.26
Trust companies	93,843,771.93
Savings banks	47,130,944.01
	<hr/>
	\$168,598,735.42

The bank clearings for the calendar year 1912 amounted to \$142,687,900, and the total clearings for the fiscal year ending June 30, 1913, was \$434,472,200; in both cases new high records were made.

The value of Providence real estate, as fixed by the city for taxation, is \$199,193,440. The value of tangible personal property is \$52,185,900, and the value of intangible personal property \$61,684,520. The tax rate is \$16.50 per \$1,000 on real estate and tangible personal property and \$4.00 per \$1,000 on intangible personal property. The total net indebtedness of the city is \$19,546,000. Providence is

one of the richest cities per capita in the United States.

TRANSPORTATION.

Providence is on the main line of the New York, New Haven & Hartford Railroad and is the largest city between Boston and New York. The average number of steam passenger trains arriving and departing daily is 300. Providence and the surrounding country are covered by a network of steel rails over which run electric cars. There are 345 miles of track and about 115,000,000 passengers are carried every year. The street car company has in operation 829 passenger cars, forty-five express cars and three electric locomotives. It requires 1,350 motormen and conductors to operate these cars.

Providence also has the best natural harbor in New England and great sums of money are now being expended to make it in fact the best harbor in New England. It has direct communication by water with New York, Philadelphia, Baltimore, Newport News, Norfolk and the Mediterranean ports. There are

also steamer lines running regularly between Providence and other nearby ports. During the last calendar year 10,170 vessels arrived at the port of Providence, the total value of imports for the year was \$2,796,746.95 and the amount of duty collected was \$723,799.17. The number of passengers carried by steamers was 2,097,626.

SIGNIFICANT FACTS.

Providence has the highest building in New England, the Turks Head Building, which is 200 feet high. During the year 1912 buildings were erected at a cost of \$6,613,800. In addition to this, improvements were made at a cost of \$1,917,000, making the total cost for buildings \$8,530,800. The hundreds of people flocking into Providence every year create a heavy demand for homes and real estate in any part of the city is always salable. During 1912 the number of real estate sales was 3,671, and for the same period real estate mortgages aggregating \$6,741,698 were placed.

The telephone system covering the city employs 363 operators, who make 142,212 connections daily for the 25,762 subscriber stations.

The city has 41 parks, squares and

playgrounds containing an aggregate of 23,467,480 square feet of land.

EDUCATIONAL.

In efficiency of public schools, Providence ranks among the first six American cities. There are several important institutions of learning in the city, notably Brown University with 1,000 students, the Rhode Island School of Design, the Women's College of Brown University, the Rhode Island Normal School, the Moses Brown Preparatory School, the Morris Heights School for boys and many other schools and academies. The public school system consists of 106 day schools and fourteen evening schools, including two high and one home school. The number of teachers employed is 1300. The total number of pupils in school last year was 41,589.

Providence, in short, is equipped with every necessity and luxury of modern life. It has the capital and locations for industries, home sites for workingmen, fine situations for residences of the better class, is well and economically governed and invites thorough investigation. The Board of Trade responds promptly to all requests for information.

People Have Plenty of Money

IF one may judge from the enormous sums paid in taxes by the people of this country on drinking, smoking and card-playing, there is no lack of money going the rounds. Of the internal revenue taxes received during the fiscal year ended June 30, 1913, the 143,220,000 gallons of whiskey and brandy consumed during the year brought in \$157,542,000; the 65,246,000 barrels of beer, porter and ales, \$65,246,000; the 14,276,771,000 cigarettes, \$17,846,000; the 7,699,038,000 cigars, \$23,097,000; the chewing and smoking of 404,363,000 pounds of tobacco, \$32,349,000; taxes on 33,209,000 pounds of snuff,

\$2,657,000, and the sale of 32,764,155 packs of playing cards, an increase of 1,952,475 over the previous year, brought \$655,283.

Total internal revenue receipts of 1913 exceeded the previous high record of 1911 by \$21,898,000 and the collections of 1912 by \$22,809,000. To collect the enormous sum it cost the Government \$5,483,000.

With the millions of taxes paid on these "necessities"—leaving out the cost of the articles themselves—who can deny that we are a rich and prosperous nation, and growing richer every day—yes?



MINNESOTA'S NEW STATE CAPITOL AT ST. PAUL

The Story of the Twin Cities

By A. V. GARDNER.

THE story of Minneapolis and St. Paul begins with the Mississippi River. For fifteen or twenty miles of its crooked length the river flows through the very vitals of the two cities. It is harnessed to turn the wheels of the mills, it adds beauty to the park system, it is degraded to the office of common scavenger, and yet it is the one most important factor that has led to the settlement of St. Paul and Minneapolis, that has determined the differing character of their principal industries, that has made two cities grow instead of one, and that holds forth the promise of additional prosperity for the future.

PIONEERS OF THE NORTHWEST.

In 1679 Father Hennepin, the intrepid priest-explorer, pointing the way for future pioneers, ascended the Mississippi and passed the falls which he named after his patron, Saint Anthony of Padua. Two centuries later the name of Hennepin was given to the county in which Minneapolis is situated and to one of the city's principal avenues.

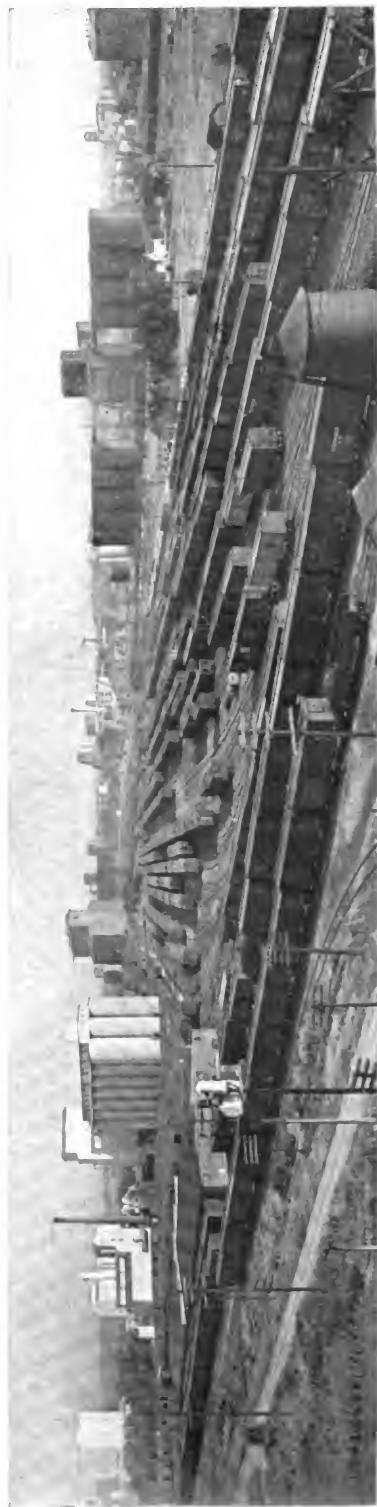
Nearly one hundred years after Hennepin's trip came Captain Jona-

than Carver, who took refuge from hostile Indians in "Carver's cave" at the present site of St. Paul, and then turned westward for further exploration. As in Hennepin's case, later generations gave his name to one of the counties of Minnesota.

In 1805 Lieutenant Zebulon Pike ascended the Mississippi to its headwaters and in passing purchased from the Indians the site of Fort Snelling. Midway between the present cities the Minnesota River (formerly the St. Peter's) flows into the Mississippi. At the confluence of the rivers is an island of considerable extent known as "Pike's Island." On the high bluff above the island on the west bank of the Minnesota in 1819 the first barracks were erected at Fort Snelling by the United States Government. The purpose of the establishment of this post was to overawe the Indians and to furnish protection to the fur-traders and the few white settlers in the country. The position of the fort was strategic because it commanded both rivers. The course of commerce at that time was up the Mississippi to Pike's Island and then up the Minnesota to Lake Traverse and down the



PART OF THE SKY-LINE OF THE CITY OF ST. PAUL, SEEN FROM THE WEST SIDE OF THE MISSISSIPPI RIVER



THIS PICTURE SHOWS SEVERAL OF THE LARGE FIRE-PROOF GRAIN ELEVATORS AND THE RAILROAD YARDS SUPPLYING THEM WITH TRANSPORTATION FACILITIES, THIS ILLUSTRATION INCLUDES ONLY ONE OF THE MANY CENTERS OF INDUSTRIAL ACTIVITY IN THE TWIN CITIES

Red River of the North to Pembina, then an important trading post and now a prosperous town of North Dakota near the Canadian boundary. It is of record that employees of the Hudson's Bay Company in 1821, during the time of high water, loaded a Mackinaw boat at Prairie du Chien and went through to Pembina without unloading. During much of the year the low water in the Mississippi made the present site of St. Paul the head

on the military reservation at the fort and had been compelled to move off the Government land, located a claim in 1839 along the north bank of the river near the two claims mentioned above. Gervais sold three acres to Henry Jackson for \$40 per acre in 1841. Jackson built a log cabin, which he lived in, and in which he maintained the first store in St. Paul. Jackson's store was opened in 1842. Another store was opened the following



VIEW FROM THE COURT HOUSE TOWER, SHOWING THE MILLING DISTRICT OF MINNEAPOLIS, THE MILWAUKEE RAILROAD YARDS AND WHOLESALE MACHINERY HOUSES IN THE CENTER, AND IN THE EXTREME FOREGROUND THE ROOFS OF THE CHAMBER OF COMMERCE, THE CORN AND FLOUR EXCHANGES.

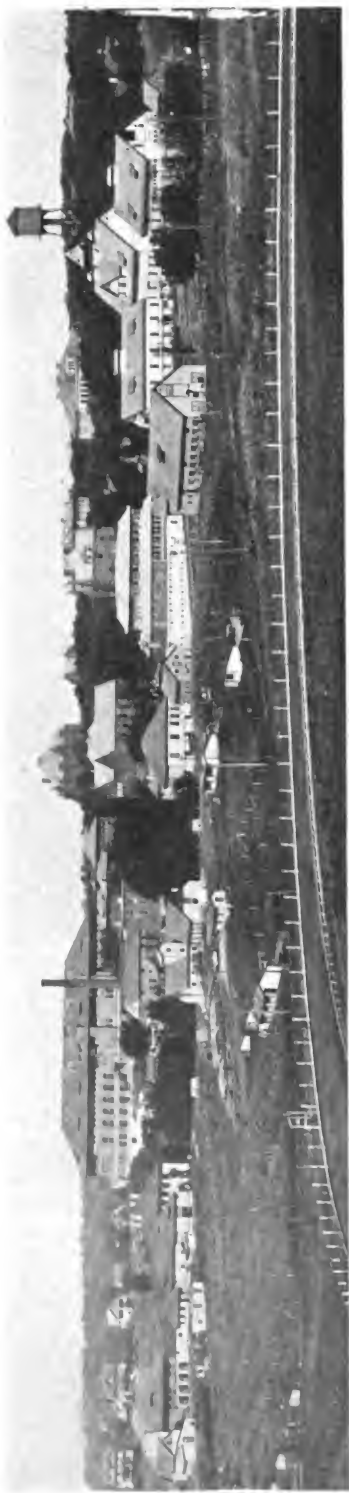
of navigation for the river steamers. Furs and grain from the Red River country were brought overland in the famous "Red River carts" and loaded into steamers at Fort Snelling or St. Paul. It was this trend of trade that gave to St. Paul its first impetus of settlement.

In 1838 the first land in the present business district of St. Paul was taken by preëmption by a discharged soldier and by two partners, Phalen and Hays. These two claims were purchased by Kittson and Mortimer in 1840 for \$150 and \$300 respectively. A man named Gervais, who had been a settler

year by J. W. Simpson, and a third by Louis Robert. At the instance of Jackson and Robert the town of St. Paul was surveyed by Ira Brunson in 1845. The name St. Paul was taken from a little chapel which had been dedicated to that saint by Father Lucien Gaultier, a Catholic missionary, and which was maintained in the wilderness by the Catholics for the benefit of their converts among the Indians.

HOW TWO CITIES GREW UP INSTEAD OF ONE.

It seems, at first thought, strange that two settlements should have been



THE STATE AGRICULTURAL COLLEGE, ST. PAUL



THE MILLING DISTRICT AND THE FALLS OF ST. ANTHONY IN WINTER. TREMENDOUS NATURAL WATER POWER AT THIS POINT HAS MADE POSSIBLE THE DEVELOPMENT OF THE LARGEST FLOUR-MILLING CENTER OF THE WORLD. THE PICTURE SHOWS ONLY THE MILLS ON ONE SIDE OF THE RIVER. THE EXTENSIVE POWER DEVELOPED IS AVAILABLE FOR USE ON BOTH BANKS



PRINCIPAL RETAIL AND FINANCIAL DISTRICT AND SOME OF THE OFFICE BUILDINGS OF MINNEAPOLIS. THE LARGE BUILDING IN THE FOREGROUND IS THE HOME OF THE SECURITY NATIONAL BANK. IMMEDIATELY BEYOND IT MAY BE SEEN THE SIGN OF THE MINNESOTA LOAN AND TRUST COMPANY. THE BUILDING OF THE NORTHWESTERN NATIONAL BANK IS NEXT DOOR TO THE LATTER. TO THE LEFT IS THE NEW YORK LIFE BUILDING, AND BESIDE IT THE HANDSOME HOME OF THE FIRST NATIONAL BANK.

established in a new country, at about the same time, when motives of economy and the necessity of the public safety suggested that all pioneers should locate at St. Paul and unite their energies in the upbuilding of the prosperous little town that had been founded. Here again is seen the influence of the Mississippi. While St.

Paul was the head of navigation from below, the Falls of St. Anthony, nine miles away, formed a barrier which determined the foot of navigation from above. The upper river flowed through a country densely covered with heavy timber of great value ready to be cut and floated down to mills, and the Falls of St. Anthony awaited the con-



SOME OF THE PRINCIPAL BUILDINGS IN THE DOWN TOWN DISTRICT OF ST. PAUL. IN THE CENTER OF THE PICTURE MAY BE SEEN THE ROOF OF THE BUILDING OF THE FIRST NATIONAL BANK.

trolling hand of man to make them furnish power to run the mills. These considerations led Franklin Steele in 1838 to make claim of a mill-site at the falls. He built a dam and one saw was started in 1848.

Prior to the settlement of St. Paul or St. Anthony there had been a most interesting little settlement on the reservation of Fort Snelling. This had been composed of refugees from Selkirk's colony on the Red River. These fugitives, driven from their farms in

with St. Anthony and the settlements were numbered together in the first territorial census. This census, taken in 1849, gave to St. Paul 840 souls, of whom 800 were women, and to St. Anthony and Little Canada a combined population of 571, including 219 women.

The present city of Minneapolis lies mainly on the opposite side of the river from St. Anthony. The soldiers at Fort Snelling maintained a small saw-mill on the Minneapolis side of the



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VIEW FROM THE TOP OF THE CHIMNEY AT THE UNIVERSITY OF MINNESOTA, SHOWING THE HEART OF THE MANUFACTURING DISTRICT, POWER-HOUSE AND RAILROAD YARDS. THE FREEDOM FROM SMOKE FROM THE VARIOUS CHIMNEYS IS NOTICEABLE.

the Northwest, hoped to find peace in the shadow of Fort Snelling. About the time that the first claims were made in the twin settlements, the poor Selkirk refugees were advised that their little farms were on the land of the United States Government, and if they wished to own their homes they would have to move to a locality open to settlers. For the third time the valiant little band moved. Some went to St. Paul and some to St. Anthony, but the bulk of the colony moved across the river from the fort, and several miles north, to a site that became known as Little Canada, from the prevailing nationality of its citizens. Little Canada became closely identified

river in 1822, but after the fort was completed the mill was abandoned, and there was no permanent settlement on the west bank of the falls until 1850, when Colonel J. H. Stevens laid out a claim. Colonel Stevens built the first house on the west side of the river. This house has been preserved by the Park Board and moved to a suitable site near Minnehaha Falls, where it is of much interest to visitors to the city. It was not until 1855 that Congress granted the right of preëmption on the west side of the falls, but when the right was given settlers came in numbers and the town of Minneapolis was incorporated in 1856, two years after St.



HENNEPIN AVENUE LOOKING TOWARD THE MISSISSIPPI RIVER. HENNEPIN AVENUE IS ONE OF THE MAIN THOROUGHFARES OF MINNEAPOLIS. GENERALLY SPEAKING, IT FORMS THE DIVIDING LINE BETWEEN THE RETAIL AND THE WHOLESALE DISTRICTS. THIS PICTURE IS TAKEN AT SIXTH STREET, WHICH CUTS THROUGH THE HEART OF THE MERCANTILE SECTION OF THE CITY.

Paul, and one year after St. Anthony. In 1872 the settlements on both sides of the falls were consolidated under the name of Minneapolis. The original settlement of St. Paul grew most rapidly toward the west until it absorbed the territory of Little Canada and reached the boundary of its sister, Minneapolis.

TWO CITIES UNITED IN MANY WAYS.

To-day there are two cities where there were once four distinct settlements, and the separate identity of these two cities does not appear on the

map, or to the eye of the person passing from the limits of one into the other. The two cities lie in different counties and have entirely distinct systems of government, fire departments, boards of health, civic organizations, etc., but they are united by one system of street railway lines which gives to patrons full service and transfers from the farthest limits of one city to the end of the other. The only indication of a division between the twins is the demand of the conductor for another nickel after crossing the dividing street.

Frequently during the past, and especially about ten years ago, the question of political union between the two cities has been actively discussed. Many causes have prevented the cities from becoming one, the most obvious of these, and at the same time the least important, has been the feeling of jealousy that has existed between St. Paul and Minneapolis since early days, and has only very recently begun to die. To understand this feeling, quite absurd and yet certainly sincere on both sides, we must go back to the year 1851.

St. Paul was the home of the first territorial government in 1849, and steps were taken by persons interested in the future of the city to have the permanent capitol established there. This raised a protest from Stillwater and from St. Anthony, each of which

wanted the capitol. A compromise was finally effected, although there is no written contract in evidence, by the terms of which the capitol was to be built at St. Paul, the State University was to be at St. Anthony, and the penitentiary at Stillwater. This compromise has to a large degree affected the destinies of the three cities concerned, the institution in each case having a direct effect on the social life of its community.

INFLUENCES THAT HAVE DEVELOPED EACH CITY.

Before the cities attained their present commercial prominence, which in each case is now more important than any other one characteristic, the influence of the State institutions was to promote a certain degree of rivalry. Their location having been arranged



STREET SCENE IN ST. PAUL. FIFTH STREET FROM THE FRONT OF THE MUNICIPAL AUDITORIUM, FEDERAL BUILDING ON THE LEFT, RICE PARK, ST. PAUL HOTEL AND LOWRY BUILDING ON RIGHT. TOWER OF RAMSEY COUNTY COURT HOUSE AND CITY HALL IN THE DISTANCE.



FIRST NATIONAL BANK BUILDING, MINNEAPOLIS
(A TWENTY-STORY BANK AND OFFICE BUILDING WILL BE ERECTED ON THIS SITE IN
THE NEAR FUTURE)

as the compromise of a contention, each city naturally sought to make the most out of the plum it had gathered. St. Paul advertised its importance as the seat of government while St. Anthony, and later Minneapolis, claimed the special culture of a university town. At the same time, both cities reaped a splendid harvest of legitimate

advertising. The legislators, who came from all parts of the State to assemble at St. Paul, naturally felt at home in that city and turned to it from their several districts all the business with which they were concerned. At the same time the University was sending back each year to the various towns in the State large classes of students who



NORTHWESTERN NATIONAL BANK, MINNEAPOLIS, MINN.

considered Minneapolis their city and who looked upon it as the place with which they would do their business and to which they would return to spend the money which they might earn.

GEOGRAPHICAL DIVISION OF TRADE.

One feature in the commercial development of the twins deserves especial mention in this connection. The cities,

the northern part of the State, where the timber interests lay, and the Northwest where the wheat fields were largely located. At the same time St. Paul was establishing trade relations with the country down the Mississippi and along the Minnesota River. This geographical division of trade has remained to such an extent that only recently a large western producer made arrangements with a commission house



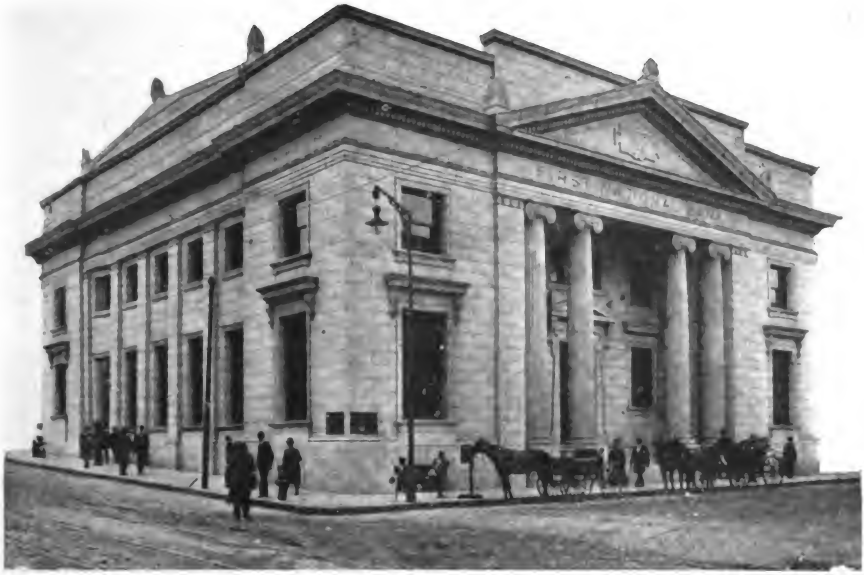
INTERIOR SECURITY NATIONAL BANK, MINNEAPOLIS

from the beginning, have been brought very little into detailed competition on account of the diversity of their industries and the almost equal geographical division of the territory which they serve.

In Minneapolis the first industries of importance were lumbering and milling, for the natural reasons given above. At the same time St. Paul was becoming a great transportation and distributing point, and one of the world's largest fur markets. Minneapolis naturally took as her territory

in St. Paul and one in Minneapolis to handle his product, giving to each a contract promising exclusive rights in the towns covered by the traveling men of the two commission houses. When the western man's attorney objected that the contracts overlapped, it was found that in not a single instance did the salesman of one house make the same towns as the salesmen of the other. This, of course, was a single case, but quite representative.

To-day both cities are active in various manufacturing lines, and in the



FIRST NATIONAL BANK, ST. PAUL, MINN.

jobbing trades, although until fairly recent years the competition between them was a matter of total business growth and not greatly evident in single lines.

AUTOMOBILE A FACTOR IN BRINGING THE CITIES CLOSER TOGETHER.

Another force that for years kept alive the rivalry was the lack of really rapid transit between the cities. Although the street car service is above the average kind in American cities, and furnishes four through lines between Minneapolis and St. Paul, with frequent excellent car service, the best time made from the business center of one city to the other is about fifty minutes. This slow running results from

the fact that all the territory served by the lines is closely built up with residences and manufacturing plants and the demand is for local service with incessant stops. The service of the steam railroads is quicker, but necessitates a street car trip or a walk to or from the depot at each end, so that to get from any point in one town to a destination in the other takes, at best, an hour.

This transportation situation has forced those employed in either twin to live in the city of their employment, although the employees of the large plants in the midway district live in both cities. The same transportation handicap also formerly prevented interchange of social relations to a great



DETAIL OF THE MARBLE WORK AND MURAL PAINTING OF THE FIRST NATIONAL BANK BUILDING, ST. PAUL.

extent. Since the automobile has come into extended use, a change has come about, and it would not be too much to say that this means of transportation has done more than any other influence to brush aside all ill-feeling and jealousy both in business and social relations. To-day the papers of both cities publish accounts of society events, naming long lists of guests from both places without comment on their resi-

deliveries of purchases being made the same day by fast motor trucks.

MUNICIPAL UNION NOT A PROBLEM OF THE PRESENT.

The question whether the Twin Cities will ever be united under one municipal government cannot, of course, be answered to-day; but this seems certain, the cities are attaining a great measure of prosperity under their dual organi-



THE MINNEAPOLIS CLUB IN WINTER. THE WING IN THE LEFT OF THE PICTURE HOUSES THE GYMNASIUM, SWIMMING POOL, HAND-BALL AND SQUASH COURTS AND OTHER ATHLETIC FEATURES OF THIS CLUB. THE BUILDINGS ARE LOCATED IN THE DOWN-TOWN DISTRICT WITHIN EASY DISTANCE OF MOST OF THE MEMBERS' OFFICES.

dences, while ten years ago at a wedding in St. Paul the newspaper report would contain a special paragraph naming a half-dozen devoted friends who had made the journey from Minneapolis, and the Minneapolis papers would run an item to the effect that the same persons had been guests in St. Paul. It was not exceptional, before the automobile, to find many persons in either city who boasted that they had never been in the other. To-day many of the large stores and jobbing concerns have houses in both cities and the managers make trips back and forth whenever occasion demands. Many people do their shopping in both cities.

zation and there are certain great advantages which have accrued to them by being separate. Chief of these is the advantage of territorial scope. Each city embraces within its limits an area of between fifty and sixty square miles with an active business district in the approximate center of each. Between these centers is a residence district, many square miles in extent, giving ample "home-room" for thousands whose offices and shops are, at most, not over five miles away.

To the north of this immense residential tract, and still between the business centers, lie a great freight yard, the Minnesota Transfer, and the "Mid-

way District." The latter is the home of diversified manufactories, grain elevators, machine shops, oil mills, lumber yards, and many small plants, all having excellent trackage facilities with plenty of room to the northward for expansion, and with adequate transportation facilities for the workers. Exclusive of the line of contact, each city has room to grow indefinitely on three sides. This growth is fostered by the railroads, which very nearly surround both cities with their tracks. In addition to the Midway, each city has a ring of industrial plants along the lines of the nine principal railroads, and in all directions adequate and healthful residence districts which greatly exceed in size and population the large interurban district of homes.

The cities have now in round numbers a joint population of 575,000, and there is plenty of room for a city of the size of New York, Chicago and Philadelphia combined, without the crowding and the transit difficulties which to-day are such a serious problem in New York. That such a city will be found here, and that within the comparatively near future, cannot be doubted, when it is remembered that this location is the gateway to and the market place of the Great Northwest, and that the Twin Cities are taking care of their obligations to their territory in a manner to preclude successful trade competition from any city except Duluth—and there is plenty of business for Duluth to have its share.

CHARACTER OF THE PEOPLE A LEADING FACTOR.

Although so generously favored by nature, with all the gifts that make for healthy and prosperous municipal existence, there has been another and a greater force that has brought the miserable little frontier towns of little more than a half-century ago into prominence to-day as a mighty commercial and social unit among the large cities of the country. This force is the character of the citizens of Minneapolis and St. Paul. Each American city has a distinct standard of citizen-

ship peculiar to itself like the dominant "I will" of Chicago, or the inherent culture of Boston, or the "booster" spirit of the Pacific Coast. In the Twin Cities there has been a valiant spirit against hardship and difficulty, a spirit that has been kept alive and fostered in each city by the example of the other.

There was much need for such a spirit in early days; the traveler to-day who goes to a comfortable berth in Chicago and awakes the next morning in St. Paul would only be driven to make the trip by most dire necessity if he had to encounter one-half of the trials that the first settlers of the latter city experienced in the early fifties. In summer, in those days, a large part of the trip could be made by steamer on the river with a fair degree of safety and comfort, but except during the period of navigation the journey was one of immense effort. Slow, uncertain stage coaches, miserable stations, inadequate ferries, and flooded fords, or great drifts of snow and a sub-zero temperature, were among the ordinary handicaps of travel. Among the extraordinary, and yet quite common, incidents were blinding blizzards of several days' duration, frequent wanderings from the snow-covered trail, and very personal attentions from unfriendly Indians. Upon reaching the end of the trip there was food and shelter and safety from the savages, but these benefits of civilization were then obtained only by perpetual industry and unceasing patience.

There were at first two ways of making a living in the new country—agriculture, and trade with the Indians. The former was not the easy matter that later pioneers found it on the treeless plains of the Dakotas; there were forests to be cleared and stumps to be pulled, and the lumber to build cabins had to be cut, the settler and his family at all times under the necessity of guarding against interference and theft on the part of the Indians. Those who traded with the Indians were subjected to many uncertainties also; their packs were lost by the

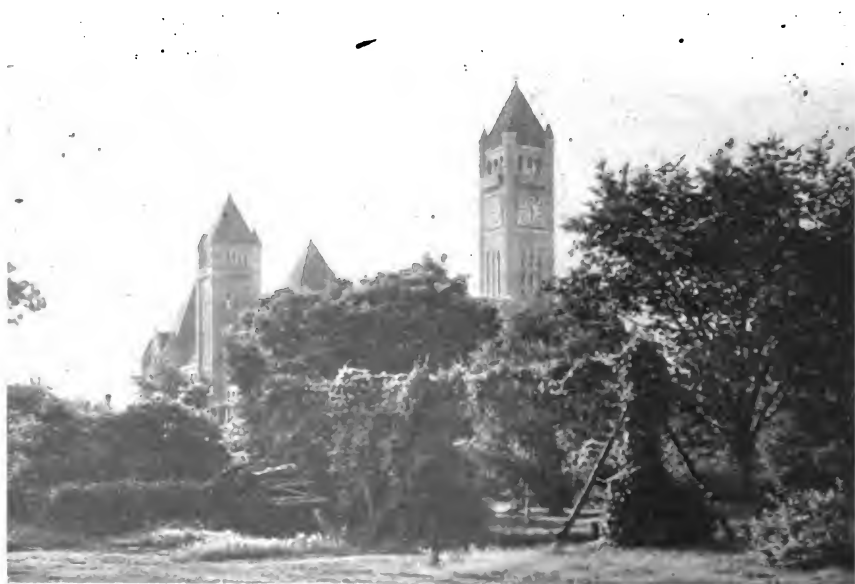
swamping of canoes and by the thefts perpetrated by marauding savages. Although the Indians were generally friendly to the whites and did not attempt wholesale massacre, they were uncertain neighbors and traders and when fired by "Injun whiskey" were intolerable. "Injun whiskey" was made and sold to the tribes by unscrupulous persons who came into the territory looking for "easy money." These people were the lowest type of adventurers, who would get a barrel of cheap whiskey, load it on a steamboat at some down-river town and take passage for St. Paul or St. Anthony. On arriving they would dilute the whiskey with much water, add licorice or molasses and cannabis indica and make a mixture almost fatal to a white man and most demoralizing to an Indian. This "Injun whiskey" was easily retailed to the savages at an enormous profit to the infamous dealer and to the great disturbance of the whole community. The whole economic situation of the settlements was so bad from the above conditions that only the most hardy men and women could face it with success, and the natural result

was that only such people were attracted to the growing villages. These noble pioneers bequeathed to their posterity the valiant sturdiness against all the buffets of fate which has made success a cherished tradition to the citizens of the Twin Cities.

OCCUPATIONS OF THE EARLY INHABITANTS.

As an illustration of the intimate life of the community, the following table is copied from an old almanac published in 1851. At that time the census returns gave a population of 1294 in St. Paul, and 750 in St. Anthony. The table shows the distribution of industrial and professional occupations in St. Paul in 1850.

Blacksmiths	5
Butchers	6
Bartenders	4
Bakers	2
Barbers	4
Boarding-house keepers	3
Bookkeepers	1
Brickmakers	4
Carpenters	69
Clerks	25
Cooks	5
Cigarmakers	2
Constable	1



COURT HOUSE AND CITY HALL. THIS BUILDING WAS ERECTED JOINTLY BY THE CITY OF MINNEAPOLIS AND THE COUNTY OF HENNEPIN AT A COST OF \$3,500,000.

Draymen	2
Editors	2
Farmers	77
Gamblers	6
Grocers	10
Hotel keepers	4
Justices	2
Laborers	153
Lawyers	17
Liverymen	3
Lumbermen	2
Mechanics	21
Ministers	3
Merchants	46
Millwrights	2
Printers	9
Painters	10
Plasterers	5
Physicians	6
Postmaster	1
Peddler	1
Surveyors	5
Saddlers	3
Sailor	1
School teachers	3
Stone masons	13
Teamsters	13
Tailors	6
Tinners	2
Wheelwrights	2
Watchmaker	1
Wagonmaker	1

—
563

It is all there. The whole life of the time, reflected in the table. Almost half of the entire population engaged in useful tasks. That means that all the men were at work. Perhaps a dozen of the people listed in the table may have been women—the rest were men—and all engaged in tasks useful to the community. These are the elementary functions of society that may be performed for the many by the few specialists. Much of the work that in advanced communities is done outside of the home was done in the families of these pioneers. There is no milkman in the list, and no laundryman; the women and children took care of the dairy and did the washing. There were three boarding-houses and four hotels. These cared for the new settlers until they could build their own homes. Of the 563 persons in the table, 275, almost half of the number, were engaged in building a city. These were the bricklayers, carpenters, laborers, mechanics, painters, plasterers, surveyors, stonemasons and teamsters. Of the whole list there are eleven

members who were not engaged in constructive activity. These were the four bartenders, the six gamblers, and the sailor. History is silent as to the fate of the sailor; it is probable that he was a good citizen, or he would not have been tolerated in the community. He was not concerned in river commerce or he would have been listed as a steamboatman. If he had been the typical deep-sea sailor of fiction, the four bartenders and the six gamblers would have soon "cleaned him out," so we are forced to the conclusion that he was of some unnamed permanent service to his community. To combat the efforts of the bartenders and gamblers there were three school teachers, six physicians, three ministers, and one constable.

The almanac referred to above says: "In 1848 there were five dwelling houses (cabins mostly), one blacksmith and one carpenter shop, within the limits of St. Anthony. At present (1851) the town has extended itself more than a mile up and down the river from the falls. The houses are mostly well-built frame structures, and among them is numbered a large and well-furnished hotel, offering every accommodation to those who wish to spend the summer at this beautiful and healthy village."

HOW THE TWIN CITIES HAVE GROWN.

The growth of the cities up to the present time is shown by the annexed tabulation. Combined population of the Twin Cities since 1860:

1860	13,000
1870	33,000
1880	88,000
1890	298,000
1900	366,000
1910	516,000
1913..... (estimated)	575,000

The population of St. Paul was in excess of that of Minneapolis until the decade between 1870 and 1880, during which time Minneapolis passed its sister city and has since had a greater population. Each city has a large percentage of foreigners. Minneapolis



THE CONFLUENCE OF THE MINNESOTA AND MISSISSIPPI RIVERS, SHOWING SOME OF THE BUILDINGS OF FORT SNELLING. THIS PICTURE WAS TAKEN FROM THE HEAD OF PIKE ISLAND. TO THE RIGHT UNDER THE HIGH BRIDGE IS THE MISSISSIPPI AND COMING IN FROM THE LEFT THE UPPER CHANNEL OF THE MINNESOTA RIVER. THE SWIFT CURRENT AT THIS POINT KEEPS THE RIVER OPEN EVEN IN WINTER.

has been celebrated for years as the Mecca of the Scandinavians in the United States and numbers the Swedish and Norwegian residents among her valuable and productive citizens. The colonists from the Scandinavian countries have been a great force in the building of the Empire of the Northwest and have brought into the country traditions of industry, frugality, and home-making that have produced an exceptional standard of good citizenship. St. Paul, of course, has a very large Scandinavian element, and also a large German population. Both cities are fortunate in having very few undesirable or dependent inhabitants of any nationality.

GREAT INDUSTRIAL ACTIVITY.

The entire space in this Magazine, including the advertising pages, would not suffice to give a full description of the industrial activity of the Twin Cities. Commercially the growth of Minneapolis and St. Paul depends directly on the growth of the great States of the Northwest from the Mississippi to the Pacific. These cities are the entrepot for the commerce of all this vast and fertile domain. The Great Northern, the Soo Line, the Northern Pacific, the Northwestern, and the Chicago, Milwaukee and Puget Sound railways are the great arteries of trade

through the Northwest, and these roads all center here. Manufacturers find that the needs of the Northwest may be most cheaply met with goods manufactured in the Twin Cities because the freight rates give these goods a substantial advantage in the market over the products of cities farther east or south. For this reason, and because of satisfactory labor conditions, and the cheapness of fuel via the Great Lakes and Duluth, new factories of all descriptions are being built in both cities, and as fast as the new industries begin operation the increasing demand from the growing Northwest calls for more.

The census gives, for the year 1909, the following statistics of manufactures, in round numbers:

(All industries of Minneapolis and St. Paul combined.)

Number of establishments.....	1,820
Number of employees.....	57,700
Value of year's product.....	\$224,000,000
Value added by manufacture to raw material	74,000,000
Capital employed	150,000,000

Figures showing definitely the growth of the cities' manufactures since 1909 are not available, but an industrial survey made to-day would be quickly out of date and valuable only as a basis of comparison, because the increase of present establishments, and the founda-

tion of new ones go on so rapidly that the industrial strength of the cities is hard to estimate, like the Irishman's pig which ran so fast that the owner could not count him. In fact, any estimate of growth falls short of the truth even in the time required to prepare it.

BANKING PROGRESS.

Although statistics are but dry reading, they are convincing and perhaps the most vital evidence of the prosperity of Minneapolis and St. Paul is found in the history of their banks. Ten years ago in 1903 there were thirteen banks and trust companies in St. Paul, and fifteen in Minneapolis with combined capital of \$4,605,000 and \$6,145,000 respectively. To-day in 1913 the figures are for St. Paul seventeen institutions with capital of \$6,750,000, and for Minneapolis twenty-three with \$10,680,000 capital. The combined deposits to-day of both cities are \$170,000,000 as against \$84,000,000 in 1903.

In Minneapolis during the last ten years there have been several consolidations of existing banks and the establishment of numerous new institutions to take care of the growing demand for financial service in all parts of the city. The Northwestern National, the First National, and the Security National are the largest banks, and take rank in the order named, with a combined capital and surplus of \$12,000,000 on April 4, 1913.

On January 1 of this year the First and Second National of St. Paul combined their business under the name of the First National Bank, and the Merchants National and the National German-American consolidated under the name of the Merchants National Bank. The combined institutions showed a capital and surplus of \$8,500,000 on April 4. These large banks of the Twin Cities are increasing on account of the growing industries, and are adequate to finance local stock issues without calling in the services of eastern financial agents. Early in the present year issues of over two millions of industrial stocks of two important manu-

facturing industries of Minneapolis were financed without difficulty by that city's bankers, and the bulk of these issues was absorbed at once by home capital.

The total amount of business evidenced by the clearing-house exchanges in 1912 was \$1,182,000,000 in Minneapolis and \$579,000,000 in St. Paul. Each city has its own clearing-house association, and exchanges between the cities are effected by mail and messenger service. It is, of course, impossible to get the figures showing the volume of the interchange of checks between Minneapolis and St. Paul, because these are handled as book credits between individual banks and are not published. This interurban business is probably as great as the clearing-house totals and should be considered with them in estimating the total financial activity.

The banking problems of the two cities were in early years essentially different. In St. Paul the banks have always been called upon to care for diversified industries showing a collective activity of demand throughout the entire year. This implied a corresponding diversity of loans calling for technical knowledge on the banker's part of the security offered by each of the city's varied lines of business. In Minneapolis, on the other hand, the banks were chiefly concerned with lumber and grain. Both of these lines presented a seasonal demand for money in the crop-moving and cutting seasons, leaving part of the year when the bankers found difficulty in placing their funds. Both industries furnished very tangible collateral, and the banks were spared the problem of diversity of interests which beset St. Paul. In Minneapolis, however, all the eggs were in two baskets, and a crop failure, or a winter without snow in the woods, was a serious blow to business.

Loans on grain collateral have been standardized, giving rise to the safe but simple "terminal paper" with which bankers are now well acquainted, and for which Minnesota is famous in financial circles.

The decline of the lumber-milling industry presented a grave problem to the bankers who saw one mill after another close, as the timber of the State became exhausted, until Minneapolis was threatened with the loss of most of the capital invested in this profitable enterprise. The bankers at once rose to the occasion, and it is largely due to their constructive policies that much of the capital formerly employed in sawing lumber has remained in the city, in "line yards," which handle outside lumber through-

people who live in the Twin Cities. The conditions under which they live are pleasant and inspiring. Both cities are very near the head of the list of large cities in the matter of public health. The climate is severe in winter, but bracing; the other three seasons are delightful. The water supply of St. Paul is by gravity from spring-fed lakes, and that of Minneapolis from the Mississippi through a filtration plant of the most modern engineering practice resulting in pure water fit for all domestic uses.



OLD ROUND TOWER AT FORT SNELLING, BUILT IN 1820

out the Northwest with the controlling influence centered in Minneapolis. Today the amount of lumber actually manufactured in the city is very small compared with the former output. Since the decline of the saw-mills, the bankers and the Commercial Club and the Civic and Commerce Association have worked to attract capital to the city in all forms of manufacturing and jobbing, and Minneapolis has in the last fifteen years become a city of diverse occupations, like St. Paul, with an ever-growing grain trade and a milling business which justifies its generally accepted name—the Flour City.

PLEASANT AND INSPIRING CONDITIONS.

This story would be incomplete without a few words about the life of the

St. Paul has Hamline University and a system of night schools for all classes employed during the day, fitly styled the "People's University." Minneapolis has the State University, one of the half dozen really great colleges of the country, and also an excellent night school system. The day schools and technical schools of both cities are well equipped. Each city has a symphony orchestra of more than usual merit and more than local recognition. In both cities the various religious denominations are well represented and housed in many fine churches. The foremost dramatic talent of the country is billed at the local theaters, and the extensive park systems furnish a setting for all forms of out-of-door amusement.

With a naturally beautiful city; with

excellent conditions of public health; with the best cultural and educational advantages; with an unlimited demand for their goods, and almost perfect

transportation facilities; and with able banks to finance all business activity, the prosperity of Minneapolis and St. Paul is not accidental—it is inevitable.

Total Clearing House Exchanges of Minneapolis and St. Paul by Years

Year	St. Paul	Minneapolis	Year	St. Paul	Minneapolis
1900.....	\$247,060,954.25	\$579,994,076.26	1907.....	484,891,667.82	1,145,462,149.83
1901.....	260,413,773.17	626,020,457.42	1908.....	483,976,978.42	1,057,468,860.09
1902.....	294,197,119.17	720,752,331.57	1909.....	518,244,363.16	1,029,914,855.58
1903.....	309,230,107.75	741,049,348.03	1910.....	576,156,228.26	1,155,659,664.74
1904.....	315,805,393.73	843,230,773.01	1911.....	531,574,525.99	1,068,090,893.73
1905.....	342,751,234.57	913,579,558.87	1912.....	579,166,753.85	1,182,232,466.00
1906.....	419,466,276.37	990,890,203.47			

Table Showing Growth of Banking Strength of the Twin Cities

ST. PAUL.		MINNEAPOLIS.			
	1903	1913		1903	1913
Capital	\$4,605,000	\$6,750,000	Capital	\$6,145,000	\$10,680,000
Surplus and profits..	1,293,490	5,241,591	Surplus and profits..	2,536,230	9,723,030
Deposits	29,074,440	58,403,700	Deposits	54,731,810	112,244,640

Lending the Farmer a Hand

Bankers Showing a Helpful Interest in Agricultural Affairs

FROM all parts of the country come reports of interest on the part of the banker in the welfare and progress of the farmer. These reports embrace a variety of activities connected with the soil—cotton and corn planting, stock raising, dairying—whatever branch in fact happens to predominate in the particular locality. They show the banker extending fellowship and assistance in many ways, discussing matters and giving advice, offering prizes for competition, sometimes in dealings of a colder business type. They show him

acting as an individual and collectively through the bankers associations of which he is a member.

The bankers gathered at Briarcliff Lodge, New York, at the meeting in May were much impressed with the views of Joseph Chapman of Minneapolis. He is vice-president of the Northwestern National Bank of that city and president of the Minnesota State Bankers Association. He is chairman also of the American Bankers Association's Committee on Agricultural Education and Development.

Mr. Chapman's view is that finance goes deeper than money. Money gets value, he says, from the things it represents, and first and last the greatest thing it represents is that which is wrung from the soil.

Mr. Chapman is the prophet of a new movement. This movement is an organized effort by financiers to improve the security on which, in the last analysis, the bulk of their securities rest, by helping tillers of the soil to create efficiently, abundantly and profitably.

"No scheme of finance," says he, "ever was alone responsible for the prosperity of any nation. Prosperity means a plentiful product, in rapid process of transfer from the maker to the user. One fundamental need of all mankind is food; another is clothing. Being fundamental they lie behind finance.

"Of all land, the most important is that which yields agricultural products, for in them we find included food and clothing. Of all workers, the one we can least do without is the farm worker. Of all values, the one which must not be permitted to deteriorate is the farm value. Of all deterioration or inefficiency, the one which must most carefully and promptly be corrected is that affecting farming.

"In other words, the biggest question confronting the banker to-day is not that which relates to railroads, to insurance or enterprises of that character, but that of agricultural production."

The executive council of the American Bankers Association, after hearing Mr. Chapman, decided that a half-day session at the convention of the association next fall should be devoted to the subject.

Bankers active in the propaganda say that the drift to the cities should be checked as soon as people in the country learn how to make more money at home and to install the conveniences of city life.

Here are some further examples showing how the bankers are interesting themselves in the farmers' welfare:

The "boll weevil in Alabama and how to overcome it." This was the text of an address by Dr. W. E. Hinds of the Alabama Polytechnic, before Group 3, Bankers Association, that State, at its last meeting.

A \$800 donation has been made to the Boys' Corn Club by the Louisiana Bankers Association.

The First National of Stroud, Oklahoma has ordered 100 bushels of the best pure black-hulled white Kaffir seed corn, to be given to 400 farmers in its neighborhood, enough for each to plant about five acres.

The Indiana Bankers Association is promoting a State conference on agriculture and country life.

The First National of St. Paul (a James J. Hill bank) is sending out a booklet prepared by an agricultural expert, to enlighten the farmer of the Northwest.

The Prosser State Bank, Washington, is endeavoring to interest the farmers of its neighborhood in a corn test.

The First National of Cody, Wyoming, is to purchase a number of dairy cows. These it will sell to farmers of the Big Horn Basin on time at a low rate of interest. At Powell, same State, banks have ordered for customers two cars of high-grade Holstein dairy cows.

At Billings, Montana, the Merchants National has ordered \$10,000 worth in the same way.

R. J. Covert, cashier of this last-named institution, addressed a "get-together" meeting of business men and ranchmen there upon "Dairying." His bank, he said, had faith in the campaign for more live stock on the farm. It stands ready, says he, to show it by making advances for that purpose where the farmer has the feed, the water and the experience required.

The Washington State Bankers Association will pay the salary of an organizer for the boys and girls' agricultural and educational contests which are to be featured there.

The National Park Bank, Palouse, Wash., offers cash prizes for an agri-

cultural contest open to children of school age.

The agricultural committee of the Wisconsin Bankers Association distributed 30,000 copies of its April Farmers Bulletin. Its May bulletin treats of the advantages of pure-bred live stock; the June bulletin, of "Alfalfa on Wisconsin Farms." Agricultural contests conducted by this same association for some years back have awakened much interest. It is now arranging with the State University for the holding of three or four dairy-cow tests.

A general conference of the agricultural and educational committees of the bankers associations of the several States was held in Kansas City in August. Invitations were sent to the Secretary of Agriculture and to the presidents of all agricultural colleges.

The Texas bankers committee on agriculture has issued a report from which the following notes are taken. It shows that body much interested in the field demonstrations carried on in that State by the United States Department of Agriculture. Also as urging larger appropriations for the State Agricultural and Mechanical College and citing the experience of other

States, notably North Dakota, where the business interests, backed up by Minneapolis bankers, raised a fund of \$150,000, which amount was doubled by the various counties of the State so as to employ field agents and maintain a high class bureau of agricultural information.

This report enlightens us on other points, namely: How the bankers joined hands with the Farmers Union of Texas to uphold the price of cotton; how they advised the raising of live stock, especially hogs, of which there is a shortage, estimated, upon the consumption of Texas, of some \$50,000,000 in value. "Our State," continues the report, "particularly the southern and central parts of it, is peculiarly adapted to the building up of a great cattle-feeding business. So get your farmers interested in feeding a few steers and some hogs instead of giving their whole acreage to cotton."

These reports, to which many others might be added, show that the American banker and American farmer are coöperating for the better development of the country's agriculture.

Productivity of Various Countries

INDEx figures are usually applied to price comparisons, but they can as readily be used to compare the relative productivity of different countries. Six crops—wheat, oats, rye, barley, corn and potatoes—comprise the bulk of crop production in most countries of the world. Of the total area in cultivated crops, excluding hay and grass crops, they comprise in Germany approximately eighty-two per cent.; in France, seventy-five per cent.; United Kingdom, seventy-two; Denmark, seventy-nine; Holland, seventy; Belgium, seventy-five; Austria, eighty-four; Hungary, eighty-seven; Italy, forty-five; Spain, sixty-five; Roumania, ninety-two; European Russia, eighty-seven; Asiatic Russia, ninety-one, Bulgaria, eighty-five;

Algeria, eighty-five; Japan, thirty-one; Australia, ninety-one; Canada, ninety-one; Argentina, eighty-eight; United States, eighty-two per cent. Following is the result obtained, 100 per cent. representing the weighted average of all countries:

Belgium	221	United States	108
Switzerland	202	Italy	96
Netherlands	190	Roumania	94
United Kingdom...	177	Spain	93
Germany	169	Bulgaria	87
Denmark	168	India	84
New Zealand	167	Australia	76
Egypt	161	Servia	76
Japan	137	Argentina	75
Canada	136	Russia (European) ..	72
Chile	136	Portugal	73
Sweden	136	Russia (Asiatic)...	71
Norway	128	Uruguay	70
France	123	Algeria	65
Austria	120	Mexico	52
Hungary	113	Tunis	37

—Crop Reporter.

BANKING PUBLICITY

Conducted by T. D. MacGregor

How Banks Are Advertising

Note and Comment on Current Financial Publicity

W. R. KAY, Jr., advertising manager of the Sacramento Bank, Sacramento, Cal., writes:

I enclose copy of an ad. we ran in the three daily papers of this city on July 1. I am deriving great benefit from your exchange department and trust the other members are doing likewise.

The advertisement, which we reproduce, occupied just one column short of a full page. It certainly is a good ad. We think the headline is especially good both in wording and in typography. It is hard to beat large caps and lower case boldface letters for an impressive and quickly read headline.

"Banking Facts Which You Should Know" is the title of a booklet issued by the Marathon County Bank of Wausau, Wis. It is a very complete outline of the services rendered by a small city bank, and ought to be a business producer.

A clock billboard is used by the First National Bank of Englewood,



A CHICAGO BANK'S OUTDOOR AD.

Ill., to advertise itself at a suburban railroad station. A feature of the sign is this sentence: "This clock is controlled by electricity—The Government controls the First National Bank of Englewood."

The First National Bank of Claremore, Okla., has put up signs at all the local street crossings, on which are the street name and also the advertisement of the bank.

Still continuing its historical series the First National Bank of Boston has issued a booklet, "The Financier of the Revolution," being a sketch of Robert Morris.

The Naugatuck, Conn., Savings Bank reprints one of Walt Mason's famous rhymes and a parody on it. We reproduce both:

THE ORIGINAL.

Put seven dollars in the bank as soon as you can do it; prepare for seasons lean and lank and you will never rue it. I used to blow my wages in as fast as I could earn them; whenever I had some scads of tin I made a rush to burn them. I bought all kinds of raiment gay and shining ties and collars; and then one happy, fateful day I salted seven dollars. I put those roubles down in brine—an impulse led me to it,—and now just take this hunch of mine: Go likewise thou and do it. Those seven bones soon called for more, and eftsoon I had twenty; each week I put in three or four, and soon I'll roll in plenty. Since I began this banking graft my self-respect increases; I feel that I'm as big as Taft and just as slick as grease is. I am the young man unafraid, the youth with glad kydoodle; the whole town wants to get my trade, because I have the hoodle. I do not fear the rainy day whereon the broke man hollers; so take

THE SACRAMENTO BEE: TUESDAY, JULY 1, 1913

The Strongest Statement Ever Published by a Savings Bank In Northern California

It tells a story of banking progress, merited by careful conservative methods, unprecedented in the history of Northern California. It shows that this old reliable institution has over 50 per cent of the entire deposits of all the Savings Banks in Sacramento.

This strong position of the Sacramento Bank is the result of a policy, long established, of conserving the interests of its depositors above everything else, meeting their legitimate needs at all times and by extending every courtesy and consideration in their every day dealings. The result is the spirit of loyalty to this bank by the Fifteen Thousand Savers of which it has reason to be proud.

Forty-six Years Ago this bank was established as a co-operative savings association. It was the second Savings bank to be established in the State and is to-day the Oldest Strictly Savings Bank in California as well as the Largest and Strongest in All Northern California.

Our 93d Semi-Annual Statement	
JUNE 30, 1913	
RESOURCES	LIABILITIES
<p>SHARES. All owned by first mortgagees on real estate, and as no interest on real estate, are not subject to liquidation of the property. They are established by our bank's report and approved by our active board of directors, and each of whom takes an active part in the management of the bank. We have a great many of our shares falling due every day, and there are made up a considerable time that they may be converted into cash readily.</p> <p>DEPOSITS. Our low mortgage interest rates and other advantages result in a large number of deposits being made every day of the month.</p> <p>SAVING BONDS, FRUITFUL AND FAVORABLE. The bank owns the property and building in which the business is conducted at 411 J Street. The property has a frontage of 40 feet on J Street and 40 feet on F Street. The bank also owns the property and building in which the business of the City Bank branch is conducted, at 1018 Sacramento Avenue. Included on this date in the results, respectively of all its branch banks, including building, furniture and all other fixtures and furnishings of every description.</p> <p>WE DO NOT OVER OFFER REAL ESTATE.</p> <p>Cash on hand and in banks</p>	<p>DEPOSITS. Belonging to over fifteen thousand people, residents of the city and adjoining towns.</p> <p>CAPITAL STOCK. All paid up in gold coin of the United States of America.</p> <p>RESERVE AND PROFIT. Surplus is carried in portion of the earnings and profits for a dividend. The Sacramento bank is a bank that has made the savings system one of its policies. This surplus fund is used to give our depositors and the interest added to individual profits given on surplus and profits accumulating.</p> <p>TOTAL LIABILITIES.</p> <p>Add to our capital, surplus and profits the marketable liability of Sacramento business men and women, and the surplus shows a total of \$1,500,000.00 less reserve our depositors and any possible loss.</p>
<p>\$7,291,374.64</p> <p>\$86,572.16</p> <p>\$9,818.16</p> <p>\$32,824.48</p> <p>TOTAL RESOURCES</p>	<p>\$7,358,272.91</p> <p>\$80,000.00</p> <p>\$56,576.41</p> <p>\$8,500,849.36</p>

Our Remarkable Growth

Comparative Statement of Resources	
1905	\$1,700,251.53
1906	4,073,114.59
1907	4,817,012.33
1908	4,856,254.84
1909	4,979,944.15
1910	6,526,960.41
1911	7,253,851.48
1912	8,140,997.74
1913	8,500,849.36

If you want absolute safety for your money deposit it with this bank. All money deposited on or before July 1st will draw interest from July 1st. Accounts started for One Dollar interest at the rate of FOUR PER CENT, compounded every January and July.



ESTABLISHED 1867

Facts Worth Remembering

The bank is the oldest, largest and strongest savings bank in Northern California.

It transacts strictly a savings bank business in all its departments in accordance with the laws governing savings banks in the State of California.

Four per cent interest paid on savings accounts. Interest is compounded every six months.

No loans are made to our Officers or Directors or to any member of their family.

Married women and children may open accounts with this bank subject to their own order.

We issue bank orders payable in the sum of ten or more dollars, payable to order or to any of them on presentation to any bank and payable to the savings bank upon the death of the owner.

All business transacted by this bank is held in the strictest confidence.

We want every man, woman and child to know that we have no other aim and no other purpose than to help you save your money and to give you the best of all things—money—to be glad to hand to you.

SACRAMENTO BANK

Tenth and K Streets 431 J Street 3418 Sacramento Ave.

Member Sacramento Clearing House Association

ONE COLUMN SHORT OF A FULL-PAGE NEWSPAPER AD.

my plan—go right away and salt down seven dollars.

THE PARODY.

I wonder, now, if I could write in this facetious manner. Perhaps I'll put it over Walt and carry off the banner. You'll note my nerve and say that I should on the farm be staying; but "Fools rush in where angels fear to tread," that is the saying. To Mason's genius in this line I always did aspire. In fact, in all things good I want

to go a little higher. It seems as clear as mud to me that if success I'm wooing, then I must pattern after those who show that something's doing. That if I would upon this earth do anything astounding, then I must snoop around and see where such things are abounding. Carnegie says surround yourself with bigger men than you are; that most of us might thus be rich, and yet how very few are. But there I go! I cannot write unless I talk of money; it's just as natural as life, though you may

think it's funny. The youth who has the saving bug you can't help but admire. In fact, it is a habit every youngster should acquire. Now, if you'll follow Walt's advice, (he say's' you'll never rue it), the SAVINGS BANK in NAUGATUCK will show you how to do it.

In a booklet called "Trust Company Service," the Utah Savings and Trust Company of Salt Lake City, Utah, gives the usual information on trust company functions in an unusually clear and effective manner. A feature of the typography is a tint-block picture of the institution's building on each page.

Good paragraphs from a booklet of the Bank of Clark County, Berryville, Va., are these on "Credit":

A business man's greatest asset is his credit.

As soon as his credit is gone his business fails.

In these days of the ready interchange of credit information a man's bad credit record follows him everywhere.

On the other hand, a good credit record is just as widely known, and the right kind of bank can assist the right kind of a customer to secure a good credit record.

The Wachovia Bank and Trust Company of Winston-Salem, N. C., ran this advertisement some time ago:

\$5.00 paid for a name for the "Sucker list."

The names of those on the list of the get-rich-quick promoters are referred to by these same promoters as "suckers" and the list itself as the "sucker" list.

Ordinary names do not bring a very high price, but the name of a person who has previously purchased some worthless stock, and who has both the money and the disposition to purchase again, is worth \$5.00.

Once a person who gets on such a list he is remembered for years to come as an inviting prospect who is looking for something-for-nothing and may be relieved of that he may have.

To avoid being persuaded into buying worthless stock the average man can do nothing better than to consult a good banker. This average man knows but little of investing while that is one of the most important features of banking.

When contemplating investing we invite you to get the opinion of our officers. If

the investment appears safe they will tell you so, and if in their opinion you are risking your money in something of a doubtful value, they will warn you.

While awaiting investment place your money on Certificate earning 4 per cent.

Wachovia Bank and Trust Company.

The advertisements of the Mechanics Bank of New Haven, Conn., are unusual in more respects than one. They are strongly and harmoniously displayed and there is a real thought in each of them.

The First National Bank of Clarks-ville, Tenn., sent out this good form letter on its safe deposit facilities:

We have recently installed in our fire and burglar proof vault a very complete equipment of individual safe deposit boxes, and feel that you may be interested in renting one of them.

Our vault is conceded to be one of the best in the South, every precaution having been observed in its building to make it secure against every means of destruction.

The boxes vary in size from two inches to eight inches in height, and from four inches to ten inches in width. All of them are 22 inches deep. The yearly rental is from \$1.50 up, according to size.

The folder enclosed herewith gives full information concerning size, rental, etc., of boxes, and some data about the construction of the vault.

The yearly cost is rather small when you consider that it insures your valuable papers, which are put therein, against loss by fire or theft; and makes sure their delivery only into the hands of your legal representative should anything happen to you.

The vault is open from 8 A. M. to 4 P. M., and we would be glad to have you call at any time during those hours to rent one of the boxes or obtain any further information desired.

Very truly yours,
C. W. BAILEY, Cashier.

Mr. C. L. Glenn, advertising manager of the institution, writes in regard to it, as follows:

Having just secured an answer to an advertisement and one that I think might interest you I am sending you a copy of it, together with a copy of the letter, and would be glad to have your comments. If

If You Were A Banker—

Would you sit in a secluded office where it was difficult for your depositors to see and talk with you?

Or would you have your office "out in the open" where depositors could consult with you at any time without annoying red tape?

The officers of The Mechanics Bank believe in the "open office policy." We feel sure that you do, also. Our freedom from needless formalities will please you.

THE MECHANICS BANK

72 Church St. (Next to Postoffice)

The Test of The Long Road

M

"A short journey along the road of business is no test of an institution's endurance. The real test is: Can it travel far on the long road?"

The Mechanics Bank has traveled far and long. It was established before your father was born, and today it is stronger than ever.

On its journey it has not lagged behind in modern methods or progressive spirit. It joins the prestige of age with the vigor of youth.

Interest paid on
Time Certificates
of Deposit.

THE MECHANICS BANK

72 Church Street
(Next to Postoffice)



Courtesy Costs Nothing

But is worth much

M

Courtesy is an asset in any business. We believe that it is of especial value to a banking institution.

So it is our aim to make courtesy enter into each transaction between our depositors and ourselves.

Every employee of The Mechanics Bank is anxious to render you real service—service which goes beyond mere banking routine and is given, not grudgingly, but gladly.

Special Department
and Service for Ladies.

THE MECHANICS BANK

72 Church Street
(Next to Postoffice)



The Difference of 5%

B

"The difference between mediocrity and efficiency" someone has said, "is only 5%. The efficient institution takes 5% more pains, exercises 5% more skill and care, and that 5% makes it efficient."

The personal contact with the officers, the courtesy of the employees, the splendidly equipped building, the convenient location—

These things add that 5% which raises the service of The Mechanics Bank above mediocrity and gives it efficiency.

Interest paid on Time Certificates of Deposit.

THE MECHANICS BANK

72 Church St. (Next to Postoffice)

UNUSUALLY STRONG COPY AND DISPLAY

you think this "advertisement that brought reply" may be of interest we have no objection to your giving others the benefit of it. I would say that the idea was from something in a comparatively recent issue of the Bankers Magazine. Evidently I was not as clear as I should have been, else the party would not have taken the view expressed in asking for the \$5.00.

I learned that several of the men named are prominent citizens of Atlanta. I have also learned that a great many of our people were faked by the same attractive stock, among them two of our leading doctors.

This letter interested me. We could make some capital out of using it I should think and I believe the writer would be willing we should do so without mentioning his name here.

An expression of what you think of this would please me. Of course, I know that this sort of thing is an old story but we have not had any other friends here make the confession.

The "sucker's" letter, with names omitted, follows:

Wachovia Bank & Trust Co.,
Winston-Salem, N. C.

Gentlemen: In reply to your advertisement in the Twin-City Daily Sentinel, "\$5.00

paid for a name for the sucker list," I take this opportunity of sending my name, having been a sucker. I have in my possession a certificate No. 183 ——— Mining Company, incorporated under the laws of the territory of Arizona, which certifies I am owner of 200 (two hundred) shares non-assessable stock.

I have also two certificates, Nos. 168 and 414, which I purchased from the ——— Mining and Development Company of America (the name of this company has been changed several times since 1903), incorporated under the laws of Arizona, which certifies I am the owner of ten shares of the capital stock, non-assessable, preferred.

As I have never received one penny from either company for my investment I think I am entitled to the \$5.00 which you offer for a name for the "Sucker List."

If the bank publishes the letter as above we think that it would be doing a public service, although such warnings are not needed so much now as formerly, for two reasons—People are "getting wise" and the Government is getting more strict and watchful to prevent fraudulent schemes and schemers robbing the public.



Advertising at A. I. B. Meeting

A Large Place Will be Given to Its Consideration

MEN representing eighty chapters and 14,000 members of the American Institute of Banking, will assemble at Richmond, Va., September 17, 18 and 19, 1913, for the eleventh annual convention of that organization. On the morning of Thursday, September 18th, there will be conducted under the direction of Mr. Fred W. Ellsworth, publicity manager of the Guaranty Trust Company of New York, a symposium on "Bank Advertising and Business Building." This symposium will take up for consideration by recognized experts practically all the various phases of bank advertising and business getting for banks.

Following each address there will be informal discussion, led by picked men who have made this subject a close

study, and all delegates interested in the questions will be invited to participate.

The formal addresses will be as follows:

1. Address: Bank publicity—C. B. Hazlewood, assistant secretary Union Trust Company, Chicago, Ill.; Development, Need General Printing as an Aid, Profit or Loss, Charity Abuse.

2. Address Advertising Methods—L. A. Mershon, advertising manager, U. S. Mortgage & Trust Company, New York City. Newspapers and Magazines, Bank Directories and Financial Papers, Programs, Billboards, Novelties and Souvenirs, Trade Marks and Seals.

3. Address: Advertising Methods—F. M. Pollard, Assistant Cashier, Exchange National Bank, Pittsburgh, Pa. Traveling Representatives, Convention Advantages, Institute Influence, Professional Advertising Agencies.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. **Watch each month for new names and other changes.**

F. R. Adams, Will Co. National Bank, Joliet, Ill.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

The Bankers Magazine, New York
H. C. Berger, Marathon County Bank, Wausau, Wis.

B. H. Bialock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.

W. O. Booxer, treasurer, American Trust Co., Jacksonville, Fla.

Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Beerbower, National Exchange Bank, Roanoke, Va.

H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.

Commercial Bank, Midway, Kentucky.

B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.

H. Reed Copp, Asst. Adv. Mgr., Old Colony Trust Co., Boston, Mass.

Arthur S. Cory, Chehalls National Bank, Chehalls, Wash.

H. A. Dalby, Nauvatom Savings Bank, Nauvatom, Conn.

Dexter Horton National Bank, Seattle, Wash.

J. T. Donnellan, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.

T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.

W. R. Dyart, assistant cashier, First National Bank, Ripon, Wis.

J. C. Eberspracher, assistant cashier, First National Bank, Shelbyville, Ill.

A. A. Ekirch, secretary, North Side Savings Bank, New York City.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co., New York.

The Franklin Society, 33 Park Row, New York.

E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

First National Bank, Lead, S. D.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

Jas. P. Gardner, Hanover National Bank, New York City.

Germantown Ave. Bank, Philadelphia, Pa.

C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

B. P. Gooden, adv. mgr., New Netherland Bank, New York.

C. F. Hamsher, First National Bank, Los Gatos, Cal.

Victor F. Hann, Mgr. Publicity Dept., The Fifth Avenue Bank, New York City.

J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.

E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.

John R. Hill, Barnett National Bank, Jacksonville, Fla.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.

C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.

Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.

Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.

R. H. Mann, The Bridgeport Trust Co., Bridgeport, Conn.

H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.

Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.

E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.

Nebraska State Bank, Ord, Neb.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

A. E. Potter, president, Broadway National Bank, Nashville, Tenn.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

Paul T. Schuize, assistant cashier, State Bank of La Crosse, La Crosse, Wis.

E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

Union Trust Co. of the D. C., Washington, D. C.

Wersels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.

John W. Wadden, Lake County Bank, Madison, S. D.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

NEW NAMES THIS MONTH

Almot Schlenker, assistant cashier, First National Bank, Brenham, Tex.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT



SECOND NATIONAL BANK BUILDING, NEW HAVEN, CT.

(Photograph taken after the old building—located to left of present structure—was destroyed.)

The New Building of the Second National Bank, New Haven

FOR an appropriate banking home combined with a modern office structure, the new building of the Second National Bank, New Haven, Conn., affords a good example of present-day commercial architecture. The design is simple and dignified, but decidedly pleasing, and conveys at once the idea that the building was constructed for banking and business purposes.

The new building is eight stories high—one hundred and twelve feet above the curb. The walls of the first story front are of granite, the second story of terra cotta, the upper story and cornice of the same material, with the intermediate stories of dark red Bokhara brick, panels between windows at each floor being of terra cotta.

With the height named, a frontage of eighty-seven feet nine inches, and depth one hundred and sixty-one feet two inches,

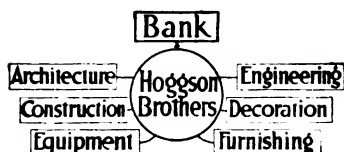
it will be seen that the building affords a large floor space. The banking room is twenty-five feet in height, with the walls treated in imitation Caen stone.

Within this ample space ample provision is made for all departments, including a ladies' room, customers' rooms, officers' space and private consultation rooms, and an especially large and well-arranged space for the large working force of the bank, thus assuring their comfort as well as assisting in efficient service. The directors' room is particularly fine in its appropriate furnishings and mahogany finish. This room is of ample size—eighteen by twenty-eight feet.

Black and gold marble has been employed in constructing the bank counter, with a bronze screen above.

An important feature is the safety deposit

Seeing is Believing



The confidence of men in a banking institution is strengthened when they see that institution's new building. In stone and mortar it stands as proof of stability, safety and endurance.

Our organization has planned and erected successful bank buildings throughout the country. We assume all responsibility for every detail of construction. We guarantee faithful adherence to plans. The limit of cost is fixed beforehand.

Let us send you a book explaining in full the Hoggson Single Contract Method.

**We Build from
Coast to Coast**

HOGGSON BROTHERS

7 East 44th St. : New York City

National Shawmut Bank Building : Boston

First National Bank Building : : Chicago

NO PATCHWORK

but a

Sound Financial and Banking System

**With Gold and Gold only as Reserves;
with Bank Credit Currency only; with
a Central Gold Reserve only** and large
enough to meet the demand anywhere instantaneously, and to control and direct the gold movement always.

Such a system is presented and described in "Seventeen Talks on the Banking and Currency Question." by Hon. Charles N. Fowler, former Chairman Banking and Currency Committee House of Representatives.

The price of this timely and instructive Book, postpaid is \$2.50

THE BANKERS PUBLISHING COMPANY

253 Broadway

- - - -

New York City



New York Title Insurance Co. Office, New York City

You would be pleased with this floor in your bank

THE strong points of advantage in a "DREADNOUGHT FLOOR," for a bank's lobby and offices include:

**DURABILITY,
RESILIENCE,
LOW COST,
ARTISTIC COLORING,
A STRONGLY INTERLOCKED SURFACE.**

The floor covering used in the office shown above is of this type of construction. It is a compound of cork and other materials, and is odorless and non-absorbent, not affected by heat, grease or oils, is not slippery when wet or dry, and being laid in an elastic and waterproof cement which adheres equally well to wood, concrete or steel, water cannot get under the surface.

Samples and Catalogues on Request

DREADNOUGHT FLOORING COMPANY

30 East 42d Street, New York



MAIN PUBLIC LOBBY



CUSTOMERS' ROOM



WORKING SPACE



PRESIDENT'S ROOM



OFFICERS' QUARTERS



DIRECTORS' ROOM



WAITING ROOM



LADIES' ROOM



OFFICE OF CUSTODIAN OF SAFE DEPOSIT DEPARTMENT

vault, eighteen feet square, with a bronze entrance door and an emergency door at the rear. The coupon booths and committee rooms provided for the use of customers are attractive and sufficient in number to care adequately for the large business transacted in this department.

Locker rooms and toilet for the clerks are located on the main floor.

Besides the banking rooms there are some one hundred and seventy modern offices, served by three high-speed passenger elevators.

In equipping itself with all the safeguards and conveniences of a modern bank, the Second National Bank has further manifested the spirit of wise progressivism that

has always been characteristic of the management.

Organized in 1854 as the Elm City Bank, the capital with which business was begun was \$100,000. Later this was increased to the present figure, \$500,000.

E. C. Scranton was the first president of the bank, and continued to hold the office until his death.

The present officers and directors are:

Officers—Samuel Hemingway, president; Arthur D. Osborne, vice-president; James S. Hemingway, vice-president; Charles A. Sheldon, cashier; Eugene G. Allyn, assistant cashier.

Directors—Arthur D. Osborne; John L. Billard, president Lyon & Billard Company,



COUPON ROOMS IN THE SAFE DEPOSIT DEPARTMENT

Meriden, Conn., president Meriden Savings Bank, director the N. Y., N. H. & H. R. R. Co.; Justus S. Hotchkiss, Samuel Hemingway, director Boston & Maine Railroad, Maine Central Railroad, New Haven Water Company, vice-president New Haven Savings Bank; Alfred E. Hammer, treasurer Malleable Iron Fittings Co., Branford, Ct.; trustee Connecticut Savings Bank, New Haven; John Brewster Fitch, president the

W. & E. T. Fitch Company; vice-president New Haven Savings Bank; Charles S. Mellen; James S. Hemingway, treasurer New Haven Savings Bank, director N. Y., N. H. & H. R. R. Co.; New Haven Gas Light Co.; Security Insurance Company; trustee Union & New Haven Trust Co.; Winston J. Trowbridge, assistant treasurer New Haven Savings Bank; director New Haven Gas Light Co.; New Haven Water



SAFE DEPOSIT VAULT

Co.; Charles F. Brooker, Ansonia, Conn., president American Brass Co., vice-president Ansonia National Bank, director N. Y., N. H. & H. R. R. Co.; Frederick F. Brewster, vice-president W. & E. T. Fitch Co.; director N. Y., N. H. & H. R. R. Co., New Haven Gas Light Co.; Richard G. Davis, wholesale merchant, flour, grain and feed.

Just how conservative this bank has been is shown by its statement of April 4 last,

giving \$750,000 capital and \$798,659.78 surplus and undivided profits. Deposits on the date named were \$2,440,290, and total resources \$1,724,150. So large a surplus fund affords a very high degree of protection to depositors and indicates a wise policy on the part of the management.

The new building was constructed by Messrs. Hoggson Brothers of New York, and is the second building to be erected by this firm for the bank.

Some Well-Arranged Bank Interiors

THROUGH the courtesy of Mr. Alfred C. Bossom, bank architect of New York, the *BANKERS MAGAZINE* is able to present herewith some attractive bank interiors. In each case the furniture, rugs



CITIZENS NATIONAL BANK, LONG BRANCH, N. J.
(Alfred C. Bossom, Architect.)

and electrical fixtures were all of the architect's selection, with very gratifying results.

The Citizens' National Bank at Long Branch, N. J., located on the main street, had the front taken out and a new lime-

stone front installed. The treatment of the inside was mahogany, with bronze and glass screen, marble base and Dreadnaught flooring.

The building being quite long and narrow, advantage was taken in the front to provide a small open writing room for the use of customers, and this was balanced by a private room for the cashier. The entire rear of the property was taken up with the board room. The walls are of light-glazed gray brick up to a height of five feet, with



VIRGINIA TRUST CO., RICHMOND
(Alfred C. Bossom, Architect.)



ANOTHER VIEW IN THE SAME BANK

mahogany pilasters above. The ceiling of the old building was in a very bad condition and beams and compo board were applied, which produced a very satisfactory result. The color scheme was of a light buff and mahogany. A Van Kannel revolving door was introduced, the only one in the town of Long Branch.

The Virginia Trust Company, located in the Travelers' Building, Richmond, Va., is treated with Botticino marble dado, with caen stone up to the ceiling in a severe Greek type of architecture. The grille work throughout is of nickel-plated steel,

giving the effect of silver metal work throughout. The floor of the public space is of terrazzo, with a marble border. A private room entirely enclosed occupies one-half of the front space and the trust officer has a large room, only divided from the public by a low marble rail, in front of which every visitor to the trust company is compelled to pass.

The vault is located in the basement. The small elevator conveys the currency and boxes night and morning up to the working space.

The Richmond Savings Bank, located on Main street, Richmond, Va., is finished in somewhat of a mission character, the work being severely plain and the beauty being largely obtained through careful selection of woods.

The wood is of oak, with a special finish made particularly for this one piece of work, and is of a greenish gray rubbed down to a very smooth though dead finish, which gives a most pleasing and soft result. The metal work is of statuary bronze and the flooring is Dreadnaught.

A room specially for the use of customers is provided on the main floor and is sufficiently large for a considerable sized meeting. The length of the room prevented the board room, which extends across the rear of the building, from being carried to



RICHMOND SAVINGS BANK.
(Alfred C. Bossum, Architect.)

the ceiling, where it would have cut off too much of the light from the working space. The vault, which is finished both inside and out in entirely polished steel, is located between the working space and the board room, so that unless any exceedingly loud talking takes place it would not be possible to hear what is said.

BOOK REVIEWS

THE NEW BOOK OF FORMS FOR NATIONAL AND STATE BANKS. Prepared for members of the American Bankers Association, by O. Howard Wolfe, secretary Clearing-House Section.

At a meeting in Atlantic City, May 4, 1910, the executive council of the American Bankers Association appointed a committee to publish a book of forms for national and State bank members of the association. To this end, the first step taken was a letter sent out to banks in every section of the country, asking for specimen forms from which selections might be made. As a result a collection numbering more than six thousand accounting and other forms was received.

The committee had decided that the

price of the book should not go above \$5.00 and the problem was to keep within this limit and at the same time prepare a book of interest and value to the big national bank of New York and Chicago, as well as the little State bank of the villages.

The aim of the Book of Forms is primarily educational, setting forth certain ideas that are fundamental and common to all good systems.

Many of the forms are accompanied with explanatory text in addition to a short introduction on Bank Accounting in general. No attempt has been made to show every amplification of detail. What has been attempted is a collection of distinctive and typical forms covering every department of bank work and conforming to what experience has shown to be the most efficient and eco-

nomical organization. Two sets of forms shown—those of the Credit Department and Voucher Checks—are the official recommendations of earlier committees.

Much of the permanent value of the book, we think, lies in the hints that are in the text. For example, good forms for counter checks are shown with this note: "The practice of placing loose checks of regular design upon the desks in the corridor of the bank cannot be too strongly condemned. Banks that do so, as well as their customers, are at the mercy of professional forgers and swindlers." This is old advice, but it has a point to it when shown with proper forms. One page is devoted to endorsement stamps and the relative merits of the "straight endorsement" and the "general endorsement" are discussed and illustrated. The three-column loose-leaf ledger is recommended and shown with this descriptive matter: "The three-column loose-leaf individual ledger used with an adding machine journal seems to be adapted to more general conditions than any other form of ledger. Inactive accounts are carried on the same style sheets, but separated in the trays, or binder, from the active accounts. Alphabetical divisions can be rearranged at will. The balances can be transferred at the close of business, to the adding machines in the quickest possible time."

A complete illustration and explanation of the time-saving "batch system" is shown.

A new and original carbon form for handling collection items is shown, by the use of which all writing is done on the day of receipt of the item and a permanent record is obtained that is complete in every detail. From the viewpoint of the accountant, the main distinction between cash items and collection items is that the latter cannot be charged or credited in totals as checks and drafts are, but must be treated as individual and separate pieces. The work of the collection department increases by multiplication rather than by addition. Therefore, carbon slip records are fast supplanting bound

books or even loose-leaf systems in handling items for credit upon payment. Not only is a great amount of work avoided by the use of carbon, but also the various clerks and departments of the bank can make the proper entries with a minimum of friction with one another.

Some banks, notably in the West, influenced perhaps by the good results obtained with duplicate records in collection and transit work have begun to install it in the loan and discount department, but the advantages of carbon in such work are rather limited. The proper handling of loans and investments is concerned more with official supervision and executive keenness than with the amount of clerical work involved. Hence the forms employed should be such that admit of a ready and comprehensive inspection on the part either of directors or bank examiners. The forms illustrating loan and discount records were submitted to experts in the State Banking Department and they were also passed upon by Mr. James P. Gardner, whose articles on Bank Accounting have frequently appeared in this MAGAZINE.

It is believed that the new Book of Forms will accomplish a greater service in its simple attempt to illustrate fundamental ideas in bank accounting than would have been possible in a much more elaborate and expensive volume showing so wide a variety of forms as to be confusing to anyone seeking to change or revise his own accounting system. Over three hundred forms are shown, and the book contains 124 pages, handsomely bound in flexible leather covers.

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RETROSPECTION. By Hubert Howe Bancroft. New York: The Bancroft Company. (Price, \$2.)

In these political and personal retrospections Mr. Bancroft deals especially with the Pacific coast—a region with which he is exceptionally familiar—but also handles entertainingly and vigorously many subjects of more than local interest.

FOREIGN BANKING AND FINANCE

European

BRITISH CO-OPERATIVE BANK

TRADES unions of Great Britain have organized the National Coöperative Bank with a working capital of \$500,000 in bonds of \$50 each. This is an outcome of the ineffective strikes of 1911 and 1912. The accumulated funds of the unions are said to amount to forty million dollars and the annual turnover to twenty-five millions.

BARCLAY & COMPANY, LIMITED

AT the annual meeting of shareholders of Barclay & Company, Limited, held at the head office of the bank, 54 Lombard street, London, E. C., July 31, the directors reported that after payment of all charges, full provision having been made for bad and doubtful debts, the net profits for the year ending June 30, 1913, amount to £754,725 17s. 10d., to which has to be added £153,064 0s. 7d. brought forward from June 30, 1912, making a

total of £907,789 18s. 5d., appropriated as follows:

To investment reserve account.	£250,000	0	0
To staff pension fund.....	10,000	0	0
To bank purchase account...	79,024	15	1
To reduction of premises and payment for buildings....	25,000	0	0
To interim dividend of 10s. 8d. per share on 400,000 old shares, less income tax, paid 1st February, 1913...	200,188	17	9
To interest on new capital issued in accordance with the terms of the circular, dated 29th October, 1912, less income tax, paid 1st July, 1913	16,626	10	9
To final dividend of 10s. 8d. per share on 400,000 old shares, making thirteen and one-third per cent. for the year, less income tax.....	200,888	17	9
Balance to be carried forward	125,360	17	2
	£907,789	18	5

The premiums received on the issue of new shares have been added to the reserve fund, less a sum of £25,000,

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$363,000.00

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.

H. C. HEAD, Cashier

SHUR WELCH, Assistant Cashier.

A General Banking Business Transacted

Foreign Exchange Bought and Sold

Telegraphic Transfers

Letters of Credit

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

which has been carried to investment reserve account.

The directors report that an order of the court has been made confirming the resolutions passed by the shareholders for converting the whole of the capital of the bank into 450,000 A shares of £4 each fully paid and 450,000 B shares of £16 each, £4 paid, the A shares ranking for dividend *pari passu* with the B shares, but limited to a maximum dividend of ten per cent. per annum.

This bank has £3,600,000 paid-up capital, £1,600,000 reserve fund, £57,383,313 deposit, current and other accounts (including balance of profit and loss), £16,087,204 cash in hand, with other banks, at call and short notice, and £10,246,410 investments.

LONDON JOINT STOCK BANK

NOTICE was given to shareholders of this bank on July 14 that a dividend of sixteen shillings per share, or at the rate of ten per cent. per annum, plus one shilling per share, less income tax, had been declared out of the profits for the past half-year.

The London Joint Stock Bank, Limited, with which is incorporated the York City and County Banking Company, Limited, was established in 1836, and has 299 metropolitan and country branches and sub-branches. Its paid-up capital is £2,970,000, reserve fund £1,100,000, and the total of the balance-sheet June 30 £40,823,884.

The head office of the bank is at No. 5 Princes street, London, E. C. The bank's officers are: Charles Gow, general manager; J. F. Darling, deputy general manager; W. J. Dyer, head office manager; B. Day, assistant manager; T. H. Oxley, country manager, and Edward Clodd, secretary.

A Canadian department has been opened at the head office, the bank being the agent for the Merchants Bank of Canada and the Bank of Nova Scotia.

AMERICAN BANK WANTED IN TURKEY

IN a recent "Commercial Review of Turkey," Consul-General G. Bie Ravndal of Constantinople says:

While thus hindered by lack of direct transportation facilities, American trade in the Levant also suffers from imperfect banking relations. As in the matter of ships, so in the matter of banks, Americans depend altogether too much upon foreigners and outsiders to do business for them.

The Financial News, in an argument for the proper development of British banking, after having described how "all our colonies, South America, India, China and Egypt, bear witness to the thorough way in which we from England threw out financial tentacles over the world, to our infinite profit as a nation," states:

It is an open secret that Austro-Hungarian financiers have made all arrangements to scatter banks from their

Mexican Title-Mortgage Co.

Mexico City, Mexico

MEXICAN TITLES

EXAMINED

ABSTRACTED

PERFECTED

Foreclosures and Reorganizations Managed

Mexican Companies Organized

Foreign Companies Protocolized

Real Estate Properties Managed

Mexican Lands Bought and Sold

Concessions Obtained

It costs nothing to write us for particulars

NEW YORK OFFICE: - - - 25 BROAD STREET

country through the various Balkan States as soon as the war is finished. But shall we find English banking interests equally well represented? One trusts so; for it is very evident that trade follows the bank to a large extent, especially where the bank combines the two businesses—trade and banking—as is the case in most Continental countries. But one cannot feel quite confident. There is another big field in Russia; but here, certainly, British financiers have during the past few years shown signs of life. China we have already alluded to, and in that part of the world, including Manchuria and the outlying possessions of China, there is undoubtedly room for much activity in the direction of banking enterprise. Not only that, but if we do not show such activity this country will eventually fall behind in the race of commercial predominance. Many other districts could be enumerated, some of them, perhaps, only just commencing their real trade develop-

ment, such as Siberia. But it is in these early stages that banks should be formed so that they may grow up with the trade of the country, which will certainly be more likely to be directed toward England if we have close banking connections together to foster and cement our relationships. * * *

An American bank is needed here, not only a bank of discount, but also a bank of investment that, while financing industrial works and assisting in the development of the country's natural wealth, would also look after and protect the interests of the home manufacturers in the matter of credits and collections. In Turkey there are attractive openings for land-mortgage banks under the new law already referred to. Germany's commercial success in Turkish fields is unquestionably largely due to the fact that manufacturer and banker work hand in hand. Through this system of coöperation it has been rendered possible to run direct steamers regularly to and



NEW BUILDING OF THE AUSTRALIAN COMMONWEALTH, NOW UNDER CONSTRUCTION IN THE STRAND, LONDON

from Hamburg and the Levant in close accord with German railways in Germany and in Turkey. Germany has a far more comprehensive and effectual parcel-post convention with Turkey than any other country. Its campaign in the Near East is scientifically planned and executed with thoroughness and with an eye not only to the requirements of the time being but also to the exigencies of the future.

GERMAN BANK AGREEMENT

BANKERS in Germany do not seem to be afraid of being investigated for forming a money trust. A recent

newspaper item says that the cartel for the prevention of undue competition among the various German banks has now been agreed upon. On the model of the Union of Berlin bankers, the large banks in Augsburg, Bremen, Breslau, Cologne, Dresden, Frankfurt, Hamburg, Leipzig, Mannheim, Munich, Nuremberg Stettin and Stuttgart have formed local or district unions, in touch with each other and with the Berlin Union, and agreement has been arrived at on the following points:

(1) Current account interest and similar interest. The local union fixes the debit and credit rates for customers in the district; for those outside, the Berlin rates are to hold. Debit interest

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

Banco Nacional del Salvador

SAN SALVADOR

Authorized Capital ... \$5,000,000
Subscribed Capital ... 2,000,000
Paid-up Capital 1,600,000

Head Office—SAN SALVADOR
Republic of Salvador, Central America

Agencies at all principal towns in
the Republic.

Correspondents in the most impor-
tant cities abroad.

**BANKING BUSINESS TRANSACTED
OF EVERY DESCRIPTION**

Special attention given to COLLEC-
TIONS—moderate commission

Dr. Guillermo Mazzini
President Director

G. Hemmeler
Manager

not to be less than one per cent. over Reichsbank loan rate, minimum five per cent. The regulations as to interest not to apply in the case of State Treasury accounts.

(2) Money for monthly liquidation as a principal to be taken only from banks, banking firms, savings banks, members of the Exchange, and from others only in sums of over 100,000 marks, the rates to be fixed by the unions of Berlin, Frankfort and Hamburg for each month.

(3) Commission on acceptances. The commission on acceptances for inland two and three months' drafts is fixed at minimum one-quarter per cent.; for foreign drafts, minimum one-sixth per cent.; further, an exceptional rate of one-eighth per cent. for drafts of South American firms is admissible. The general standardization is to remain in force for six months, and is to be prolonged from month to month,

subject to four weeks' notice of termination. The beginning of enforcement is in principle June 1, but for connections already in existence a transition period of four months for interest and acceptance commission rates and six months for credit rates is allowed for.

Latin-America

NATIONAL BANK OF SALVADOR

ON June 30, El Banco Nacional del Salvador reported: Capital paid up, \$1,600,000; reserve funds, \$140,000; circulation, \$1,649,580; deposits and current accounts, \$1,528,062.

The president of the National Bank of Salvador is Dr. Don M. Palomo, and the manager Don G. Hemmeler.

LOWER CALIFORNIA BANK

SAN DIEGO capitalists have organized and are to establish at Escondido, Lower California, a bank with \$200,000 capital. This is in view of the immigration expected and the demand for cheap lands upon the opening of the Panama Canal.

BANK OF GUATEMALA

THE Bank of Guatemala, Guatemala City, C. A., was established on July 15, 1895, and its present paid-in capital is \$2,500,000, with \$7,164,262 reserve fund. Its deposits are \$2,308,398, and circulation \$88,376,096; total assets, \$52,817,745. The directors are Adolfo Stahl, D. B. Hodgson and Jose R. Camacho. Carlos Gallusser is the manager.

PAN-AMERICAN ARBITRATION

RECENTLY the Foreign Affairs Committee of the Brazilian Chamber of Deputies reported in favor of

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reservos, \$860,876.00

Deposits, \$3,602,738.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

the ratification of the agreements reached by the Pan-American Congress of 1912 obligating the republics of America to submit to arbitration all pecuniary claims which they are unable to settle amicably through diplomatic exchanges and to protect copyrights on literary, scientific and artistic works and on trade-marks.

LETTERS OF CREDIT FOR COMMERCIAL TRAVELERS

AN American commercial agent in Central America has this to say about commercial men who go from here to that country insufficiently furnished with funds:

Another vital point referred to by the experienced traveling men and mentioned by several bankers and at least one consular representative is that great injustice is done commercial travelers by firms sending them into Central America insufficiently supplied with funds, letters of credit or travelers' checks. Many instances are cited of commercial travelers endeavoring to get business firms in Central America to cash or indorse drafts for them upon their employers, and several cases are mentioned where drafts of the sort have been dishonored. News of these occurrences has spread to other communities. Any attempt on the part of a commercial traveler, unless he and his house be well known, to obtain funds on personal draft on his house, or on a bank in the United States, or to cash

a personal or a firm check, immediately places him under suspicion. It is a mistake that should never be made, no matter how solvent the firm or how much the man endeavoring to cash the check or draft may have to his credit. It at once places the person endeavoring to obtain the money at a disadvantage, and handicaps him beyond measure in his effort to transact business.

In the first place, it gives the local business man who is being importuned to grant an extraordinary and most unusual favor—the lending of money with no security whatever to an utter stranger—the impression that the firm sending him out must be either weak financially or ignorant of the business rules of the country. The conclusion is that the firm must be weak financially, or else it could afford to furnish its representative with sufficient funds and a reserve letter of credit or travelers' checks when he started on the trip. Or, on the other hand, if the firm is of undisputed and known financial strength, the conclusion is that its representative has not the confidence of his employers sufficiently to be intrusted with a considerable sum of money. Or that he has been given sufficient funds and has squandered them and is endeavoring to utilize every desperate expedient to get enough money to keep him going.

Any of these suspicions on the part of the Central American merchant are fatal to the proper establishment of business relations. The traveler may be the soul of integrity, his house may

THERE ARE THREE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

M. Garcia Fravel, Manager.

CORRESPONDENCE IS INVITED

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A. MEXICO, D. F.

President—**F. PIMENTEL Y FAGOAGA**

1st Vice-Pres.—**P. MACEDO**

2nd Vice-Pres.—**LUIS BARROSO ARIAS**

be solid and ready to pay any draft he may make, but it is very bad practice to make such requests.

INTERNATIONAL AND MORTGAGE BANK OF MEXICO

NOTWITHSTANDING the difficult times through which the country has passed, and the amount the bank believed it advisable to write off, the net profits obtained in the year 1912 amounted to \$521,563.74, including the sum of \$28,530.16 carried forward from 1911.

Mortgages outstanding at the end of 1912 amounted to \$23,193,473, an increase of \$163,225 compared with 1911. Total assets of the bank are in excess of \$44,000,000.

up; a reserve fund of \$384,564; circulation, \$1,032,001; deposits and accounts current, \$1,372,789.

Profits for the first six months of the present year were \$136,153; and after making various appropriations, a dividend of \$5 per share was declared, absorbing \$50,000, and the balance of \$39,287 was added to the reserve account.

BANCO DE NUEVO LEON

THIS institution, located at Monterrey, in the State of Nuevo Leon, Mexico, reports \$2,000,000 capital, \$2,709,040 notes in circulation, \$2,454,356 time deposits, and a total balance-sheet of \$16,020,345. Its gold and silver exceed \$1,000,000.

HAVANA CHAPTER, A. I. B.

HAVANA Chapter, A. I. B., has elected the following officers: President, Julian Sanz Garcia; vice-president, Arturo Duplessis; secretary, Miguel Vallina; treasurer, Esteban Juncadella.

BANCO AGRICOLA COMERCIAL

THIS institution located at San Salvador, C. A., and established in 1895, has an authorized capital of \$5,000,000, of which \$1,000,000 is paid

UNITED STATES BANKS FOR SOUTH AMERICA

THE report to be presented to the Boston Chamber of Commerce by the delegation of merchants and other members of that body who took part in the recent South American tour will, says the New York "Journal of Commerce," devote special attention to the question of American banking facilities in the various countries they visited.

One of the proposals of the pending currency bill which would allow American banks to deal in foreign exchange is considered a step in the desired di-

rection. As the direct result of the trip it has been decided to hold a conference of New England bankers to decide, if possible, upon some joint plan of banking operations in South America.

Members of the delegation were also impressed with the advisability of the diplomatic and consular representatives of the United States being suitably housed so that they might not appear at a disadvantage in comparison with the establishments of other nations.

The hospitable reception given to the delegation has called out the heartiest expressions of appreciation. W. T. Stevens, a New York exporter with New England manufacturing connec-

tions, when asked as to his impressions, said:

"I believe that there is a great field for investment of American capital and for the sale of American manufactures throughout South America, and any means that will make our people better acquainted with the excellent citizens of those countries, and vice versa, should be earnestly supported by the people of this country. It is only as a member of the delegation of thirty-eight gentlemen who went from the Boston Chamber of Commerce, to state that we were received with the utmost courtesy and kindness by the people of Peru, Bolivia, Chili, Argentina, Uruguay and Brazil."

Progress at Seattle

ACCORDING to the "Seattle Sun" that city will be ready for the Panama Canal opening with one of the best equipped harbors on the Pacific. Here are some of the things being done to back up this assertion:

Terminal enterprises costing \$3,100,000 are now under construction.

The big merchandise and wholesalers' dock on the East Waterway, costing \$850,000, is seventy-five per cent. completed. Managers of steamship lines in New York are negotiating for the use of this big South End terminal dock. They are planning that the big sheds, 90x750 feet on either side of the 815-foot slip, shall be filled full of freight this fall.

Salmon Bay dock for the fishermen's fleet opposite Ballard is sixty per cent. finished, and the hundreds of small craft, adventuring in the deep for halibut, salmon and cod, will soon find commodious floats and quays, net warehouses and marine railway fitted to their needs and furnishing facilities and a home port for numerous captains and crews. This public enterprise will go far toward centralizing in Seattle the fish industry of Alaska

and Puget Sound, which sells a product worth \$30,000,000 each year.

The big \$1,000,000 pier at Smith's Cove, to be half a mile long, parallel to the Great Northern dock, is well under way. A merchandise warehouse is supplemented by huge bridge cranes and other mechanical handling machinery especially designed to handle cargoes of lumber, steel rails, locomotives and army and navy ordnance. The biggest pier on the Pacific Coast is being built in Seattle.

A big fruit and provision dock is twenty per cent. completed just north of the Armory, at the foot of Bell street. The city council will build a viaduct above the railroad tracks to its second story. Launches and sail boats from across the Sound, and the neighboring islands will place their farm products promptly in the selling stalls of the city.

These are some of the port betterments now under way in Seattle; they call for an expenditure of more than \$3,000,000, but that is only a small part of the final big total Seattle has already planned to spend on harbor betterments.

BANKING AND FINANCIAL NOTES



The Branch
First Vice President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$200,000
Surplus & Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"



V. M. POWELL

CASHIER HOME SAVINGS BANK, BROOKLYN, N. Y.

EASTERN STATES

New York City

—When the new twelve-story office building now under construction at Court and Joralemon streets, Brooklyn, is finished, the ground floor will be occupied by the Nassau National Bank of Brooklyn.

—V. M. Powell, the new cashier of the Home Savings Bank, Brooklyn, was born and reared in the section of Brooklyn known as Greenpoint, where the Home Savings Bank is located. He graduated from the local public school and attended high school. In July, 1908, he entered the Home Savings Bank, which had been established one year previous, and since has been elected cashier. Mr. Powell, although a young man and in a young bank, has had ten years' banking experience, starting as a

bank messenger when a mere lad. It is said that he is the youngest savings bank cashier in New York city. His home is within two blocks of the bank, and he is a local man in a local institution. Mr. Powell is a member of New York Chapter, American Institute of Banking.

—Bank depositors may insure their individual accounts at \$5 for \$1,000 through a local surety company, it is announced.

—President James G. Cannon of the Fourth National Bank has offered a prize of \$25 for the best essay on the collection of transit items. New York Chapter, A. I. B., is to be the judge.

—Henry M. DeMott has been promoted from assistant cashier to cashier of the Mechanics Bank, Brooklyn.

—Stockholders of the Bank of Europe are to increase the capital from \$100,000 to \$150,000.

1869



1913

Mellon National Bank

PITTSBURGH, PA.

Invites the **RESERVE** accounts of Banks, Bankers and Trust Companies, on which **INTEREST** at the rate of **3 %** will be paid.

WRITE FOR PARTICULARS

A. W. MELLON, *President*

R. B. MELLON, *Vice-President*

A. C. KNOX, *Vice-President*

W. S. MITCHELL, *Cashier*

B. W. LEWIS, *Asst. Cashier*

A. W. MCELDOWNEY, *Asst. Cashier*

H. S. ZIMMERMAN, *Asst. Cashier*

Resources Over 60 Millions

Pittsburgh

—At the close of business July 31 the Mellon National Bank's report was:

RESOURCES.

Loans and investments	\$42,559,592.10
Due from banks	9,205,166.43
Cash	9,112,544.52
Total	\$60,877,303.05

LIABILITIES.

Capital	\$6,000,000.00
Surplus and profits	2,122,392.45
Circulation	3,441,697.50
Deposits	49,313,213.10
Total	\$60,877,303.05

As an assurance of safety it is pointed out that the bank has capital, surplus and profits of \$8,122,000 and shareholders' additional liability of \$6,000,000 forming a fund of over \$14,000,000 to guard depositors from any loss through shrinkage in the assets.

—The Dollar Savings Fund and Trust Company of Pittsburgh, which has recently acquired the stock of the Second National of Alleghany, is building at Federal and North Diamond streets, Northside, a fine modern fireproof edifice, with safe deposit

vaults and all the latest appointments, to accommodate both institutions.

—John D. Larkin is a new director of the Marine National Bank of Buffalo. The stock of this bank was recently increased preparatory to the absorption of the Columbia National.

—An addition to the Broad Street National Bank building, Trenton, N. J., has been completed and the two structures, the old and the new, have been connected.

Assets Realization Company

CAPITAL AND SURPLUS \$11,000,000

Investigates, finances and supervises properties anywhere in the United States

Correspondence Invited

NEW YORK
25 Broad St.

PHILADELPHIA
Lafayette Bldg.

26

CHICAGO.
First National Bank Bldg.

Planters National Bank

RICHMOND, VIRGINIA



Capital

\$300,000

Surplus and Profits

\$1,500,000

Total Resources

\$8,000,000

OFFICERS

JAMES N. BOYD

President

J. J. MONTAGUE

Vice-President

RICHARD H. SMITH

Vice-President and Cashier

R. LATIMER GORDON

Assistant Cashier

CONWAY H. GORDON

Assistant Cashier

D. V. MORTON

Assistant Cashier

**Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas**

—Charles Kennedy and George J. Hager are new directors of the Bank of Buffalo. Mr. Kennedy is president of the firm of Charles Kennedy & Co., grain merchants, and Mr. Hager is secretary and treasurer of E. N. Hager & Sons Co., contractors and builders.

NEW ENGLAND

Boston

—Charles B. Wiggin is a new vice-president of the Merchants National Bank. In 1903, at sixteen years of age, Mr. Wiggin entered the Eliot National Bank as clerk, after four years' service going to the City Trust Company, afterwards becoming its auditor. When this company was merged with the Old Colony Trust Company he went as vice-president of the Brookline National Bank. After this institution became a trust company he was elected president, resigning this position to become assistant treasurer of the American Sugar Company, in charge of its New England interests.

—On August 7 the banking firm of Hornblower & Weeks celebrated its twenty-fifth anniversary. The firm was organized in 1888. The present firm began when Henry Hornblower, now president of the Boston Stock Exchange, and John W. Weeks, now United States Senator from Massachusetts, succeeded to the business that had been conducted by Hornblower & Page, founded by Mr. Hornblower's father. In the devel-

THE GARFIELD NATIONAL BANK

Fifth Avenue Building

Corner Fifth Ave. and Twenty-Third Street

NEW YORK

CAPITAL

\$1,000,000

SURPLUS

\$1,000,000

OFFICERS

RUEL W. POOR, President

JAMES McCUTCHEON, Vice-Pres.

WM. L. DOUGLASS, 2d Vice-Pres.

ARTHUR W. SNOW, Cashier

R. T. THORN, Asst. Cash.

DIRECTORS

James McCutcheon

Charles T. Willis

Ruel W. Poor

Samuel Adams

William H. Gelshehen

Morgan J. O'Brien

Thomas D. Adams

Daniel S. McElroy

Robert J. Horner

BINDERS AND BLANKS

OF UNIFORM EXCELLENCE

FOR ALL DEPARTMENTS OF BANK ACCOUNTING



BAKER-VAWTER COMPANY

CHICAGO

BENTON HARBOR, MICH.

HOLYOKE, MASS.



opment since that date the young partners had the assistance of James J. Phelan, who was their first employee and who within ten years was a member of the firm, and more lately still became, in the gradual withdrawal of Mr. Weeks and his final retirement from the activities of the firm, the chief support of Mr. Hornblower in the up-building of the business to its present proportions. Since then, James H. Wainwright was admitted to the firm in 1902 and placed in charge of the New York office, and the same year Edward L. Geary of Boston became a member. Subsequently, Andrew S. Woods of Boston was admitted in 1906, John W. Prentiss of New York in 1906, Henry N. Sweet of Boston in 1909, Charles T. Lovering of Boston in 1910 and Ralph Hornblower in 1913. Mr. Weeks retired February 1 of this year. It is interesting to note that Mr. Hornblower, the senior member, is only fifty years of age and Mr. Phelan only forty-one.

—The Bangor (Me.) Savings Bank has gone into a new classic structure of white Hallowell granite, with marble and art-metal interior trim, which was designed for it by Carrere & Hastings and put up by Norcross Bros.

—The Eastern Trust and Banking Company of Bangor also has new quarters in a structure of granite and brick, with finish and furnishings in mahogany, all very handsome, modern and spacious.

—Richard M. Scammon is the new Banking Commissioner of New Hampshire and Fred S. Nutting, Deputy Commissioner.

—The Merchants National Bank of New Bedford, Mass., is planning a new building, to cost from \$400,000 to \$500,000.

—At Amherst, Mass., the First National Bank recently completed the enlargement and remodelling of its banking quarters under the supervision of Messrs. Hoggson Brothers.

Not only are the rooms fitted up with the most modern devices, but about twice the former space is now available.

The First National Bank of Amherst was incorporated in 1864 and opened for business in the same year in a private house near the Central Vermont Railway depot, where it remained until the present building, known as the "old bank block," on Main street, was completed. In 1890 the bank was moved to Hunt's block on South Pleasant street. Its present capital stock is \$150,000, and it has a surplus fund of the same amount. During the last few years it has been exceptionally prosperous.

—Announcement is made of the removal of the Providence Banking Company to new offices occupying the second floor of the Turks Head Building.

—As old as the national banking system is a claim which the First National Bank of New Haven can justly make, for it was chartered as No. 2 of the national banks first organized.

Quite recently this institution completed a nine-story bank and office addition to its building.



IF intelligent handling of items and low rates appeal to you send us your BUFFALO BUSINESS

Resources, - \$7,600,000.00

A. D. BISSELL, President

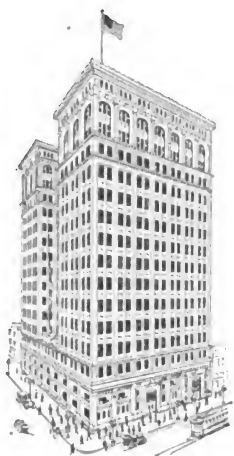
C. R. HUNTLEY, Vice President

E. H. HUTCHINSON, Vice-President

E. J. NEWELL, Cashier

HOWARD BISSELL, Asst. Cashier

C. G. FEIL, Asst. Cashier



THE OLD NATIONAL BANK OF SPOKANE

INVITES all banks desiring a prompt clearance of items drawn on points in the Pacific Northwest to avail themselves of its facilities.

DIRECT connection with practically every banking point in its territory renders its transit service singularly efficient.

D. W. TWOHY, Pres.
T. J. HUMBIRD, Vice-Pres.
W. D. VINCENT, Cashier
W. J. KOMMERS
J. A. YEOMANS
W. J. SMITHSON
Assistant Cashiers

CAPITAL
ONE MILLION DOLLARS

On August 8 banking friends from a number of neighboring cities, as well as many local patrons, inspected the new building just completed for the First National Bank of Pepperell, Mass.

A meeting of the stockholders of the Hartford Trust Company has been called for September 16 to vote on a proposed increase in the capital from \$300,000 to \$500,000, the increase already having been approved by the trustees.

SOUTHERN STATES

—Louisville, Ky., is to have a new bank—the United Bank and Trust Company, capital \$250,000, with O. L. Ballinger, president.

—Increased space has been taken by the Louisville (Ky.) National Banking Company and the bank's premises will be generally remodelled.

—Mention was made in last month's MAGAZINE of the election of Henry H. Young as active vice-president of the Citizens National Bank, Raleigh, N. C., and of



HENRY J. YOUNG
VICE-PRESIDENT CITIZENS' NATIONAL BANK,
RALEIGH, N. C.



VAN KANNEL REVOLVING DOORS

MODERN and substantial in appearance, economical to maintain, regulate traffic no matter how many people may come in or go out.

VAN KANNEL Revolving Doors also keep out dust, dampness and drafts.

THEY are the real doors for the modern bank building. Write for Catalog "B".

VAN KANNEL REVOLVING DOOR CO.
FLATIRON BUILDING, NEW YORK

Graham H. Andrews as cashier. Portraits of these gentlemen are presented herewith.

Henry J. Young entered the Citizens' National Bank as runner twenty-three years ago, and has successively and successfully filled almost every position in the bank. For several years he has been at the head of the general bookkeeping department and is thoroughly familiar with every detail of the business of the bank. He was born in Raleigh and has spent his life there. He is well known to the citizens of the community and highly esteemed both for his personal

character and for his business ability.

Graham H. Andrews has been connected with the Citizens' National Bank for ten years, having entered it in a subordinate position immediately after his graduation at the University of North Carolina. From the position of runner, by successive promotions he has attained the position of cashier. He is the son of Col. A. B. Andrews, first vice-president of the Southern Railway, and has a large acquaintance in the State. He is a man of pleasing address and easily wins friends. His promotion is looked upon with great favor by the patrons of the bank.

The Citizens' National Bank of Raleigh, of which Joseph G. Brown—one of the best-known bankers of the South—is president, and its affiliated institution, the Raleigh Savings Bank and Trust Company, made the following statement on August 9:

RESOURCES.

U. S. and State bonds	\$202,570.65
Loans and investments	2,032,759.70
Cash, and due from banks	530,013.68
Total	\$2,765,344.03

LIABILITIES.

Capital	\$315,000.00
Surplus and profits	158,382.07
Circulation	120,000.00
Bills payable	50,000.00
Bonds borrowed	30,000.00
Deposits	2,091,961.96
Total	\$2,765,344.03

—The new building of the Broadway National Bank, Nashville, Tenn., directly across Broadway from its present location, is nearing completion and will be ready for occupancy in September or October.

—Roanoke, Va., has organized a clearing-house association. H. S. Troul, president of the First National Bank, is president.

—It is reported that the Southern National Bank of Wilmington, N. C., has been absorbed by the Murchison National.



GRAHAM H. ANDREWS
CASHIER CITIZENS' NATIONAL BANK, RALEIGH,
N. C.

Help Your Employees Detect Forged Signatures and Counterfeit Currency

No matter how much of a handwriting expert your cashier may be, he cannot accurately and quickly pass upon the genuineness of a signature unless he can clearly see it. And to clearly see it, his receiving counter must be perfectly lighted.

The largest banks and trust companies in the country prevent loss from this cause by using the

FRINK System of Bank Lighting

With J-M Linolite Lamps

With this system, the receiving counter is uniformly lighted by a clear, evenly diffused light, without shadows or glare, that facilitates the detection of fraud and the prevention of loss. Our Catalog No. 408 shows how the cashier's counter and other important parts of a bank should be lighted. Write to-day for a copy.

H. W. JOHNS-MANVILLE CO.

SOLE SELLING AGENTS FOR FRINK PRODUCTS

Albany
Baltimore
Boston
Buffalo

Chicago
Cincinnati
Cleveland
Dallas

Detroit
Indianapolis
Kansas City
Los Angeles

Louisville
Milwaukee
Minneapolis
New Orleans

New York
Omaha
Philadelphia
Pittsburgh

San Francisco
Seattle
St. Louis
Syracuse

Toronto

THE CANADIAN H. W. JOHNS-MANVILLE CO. LIMITED

Montreal

Winnipeg

Vancouver

1755

FRINK REFLECTOR

—W. W. Collier is named as the successor of Hon. B. L. Gill as Commissioner of Banking and Insurance for the State of Texas. Mr. Collier is vice-president of the State Bank and Trust Company of Houston.

—The following have recently been elected officers of Memphis Chapter, American Institute of Banking, to serve during the ensuing year: President, A. Y. Forbes, Bank of Commerce and Trust Company; vice-president, E. Oppenheimer, German-American Savings Bank and Trust Company; secretary, A. C. Burchett, Bank of Commerce and Trust Company; treasurer, J. A. Denton, First National Bank.

—Next year's convention of the Texas Bankers' Association will meet at Fort Worth, May 5 to 7.

—Atlanta banks are contributing liberally to the prize fund of the Georgia Corn Show. Col. W. L. Peel of the American National Bank, that city, says of this movement: The corn clubs have already accomplished a great work. I am informed that the yield of corn in this State last year was increased 25,000,000 bushels.

—Birmingham, Ala., aspires, through its civic bodies, to be one of the twelve regional bank centres under the new currency bill.

—Six banks of South Carolina are offering prizes ranging from \$100 to \$300, in all \$1,050, to farmers in that State, to engage in a three-year rotation system of soil building. The Department of Agriculture and Clemson College will cooperate with them.

—Baltimore Chapter, A. I. B., has elected the following officers: John A. Graham, National Marine Bank, president; Albert N. Smith, Merchants-Mechanics National Bank, vice-president; H. Clarke Jones, Equitable Mortgage and Trust Company, secretary; Benjamin H. Heath, National Bank of Baltimore, treasurer.

—William J. Harris of Atlanta, Ga., the new director of the U. S. Census, is president of the Farmers and Merchants Bank of Cedartown, Ga., and was vice-president of the Georgia Bankers' Association last year.

—Dallas Chapter, A. I. B., will extend to the organization at the Richmond conven-

There is a demand for "SPECIALTIES" in cigars.

The finest cigars, which can be produced in

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tion an invitation to hold its 1914 session in the Texas city.

—Arrangements have been made for an excursion by boat from Savannah to New York, thence by rail to Boston, on the occasion of the American Bankers' convention, October 6 to 10, leaving Savannah Thursday, October 2.

—Following the example of Boston, Kansas City, Nashville and Atlanta, New Orleans bankers are making arrangements for the establishment of a country clearing house in that place to embrace a territory covering a radius of about 200 miles from that city.

—Recently the Holston National Bank of Knoxville, Tenn., took possession of its new home, a twelve-story structure of modern construction and type. The rooms of the bank are trimmed in Tennessee marble.

—T. Garland Tindsley, a director of the Fourth and First National Bank in Nashville, goes to Baltimore to take an interest in the banking house of Middendorf, Williams & Co.

—The Mississippi Bank and Trust Company, Memphis, is now in its new home, the site of the old Masonic Temple.

—Both the Guaranty State Bank of Dallas and the State Bank and Trust Company of San Antonio are remodelling their banking quarters.

—A twenty-one story building is contemplated for the Commercial Trust and Savings Bank, Memphis.

—Removal of the Union National Bank, Louisville, Ky., is announced, the new quarters being in the Inter-Southern Life Building.

—Improvement of banking quarters is the order of the day among the banks of Bir-

mingham, Ala. The sum of \$2,500,000 is being spent there by them for that purpose. The Birmingham Trust is adding a third more space to its premises at an expense of \$75,000. The American Trust is in a new million dollar twenty-story structure. The Jefferson County Savings is spending that and \$100,000 more on a new twenty-five story steel skyscraper. The Alabama Penny Savings has gone into a steel and concrete edifice that cost \$85,000. The Traders National has doubled the area occupied. The

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First National is remodelling and putting in a new front. The Commercial State is in new quarters.

WESTERN STATES

Chicago

—The second annual convention of the Investment Bankers' Association of America, it is announced, will be held on October 28, 29 and 30 next, at the Blackstone Hotel, Chicago. This will be the largest gathering of investment bankers ever held, and representatives from about 500 of the leading in-

vestment banking houses in the United States and Canada will attend.

The seventy-five houses that comprise the Chicago membership in the association are making elaborate plans for this year's meeting. H. L. Stuart, of N. W. Halsey & Co., is directing the entire arrangements. The executive committee in charge also includes John E. Blunt, Merchants Loan and Trust Company, chairman of committee on hotels and transportation; Joseph A. Rushton, Babcock, Rushton & Co., chairman of publicity; John J. Abbott, Continental and Commercial Trust and Savings Bank, chairman of banquet committee, and Albert W. Bullard, E. H. Rollins & Sons, chairman of finance. George B. Caldwell, president of the association, and Frederick R. Fenton, secretary, both of Chicago, are assisting the general committee as ex-officio members.

L. B. Franklin, of the Guaranty Trust Company, New York city, is directing arrangements for the East and reports that a large contingent from that section will be present. Herbert Witherspoon, of the Spokane and Eastern Trust Company, Spokane, Wash., is arranging for a large representation from the Pacific coast membership.

Chairman Stuart has announced that the convention will extend over three days, ending with a banquet at the Congress Hotel. Several of the leading financial men of the country have been secured to address

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dividuals cordially
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WRITE

president of the American Bankers' Association.

Mr. Huttig, his predecessor as president the various sessions of the convention and comprehensive plans for the entertainment of the delegates are in preparation.

Unusual interest attaches to the coming convention, inasmuch as the Investment Bankers' Association will have ended the first year of its existence. The association completed its organization in New York city a year ago and has already become well known in America and Europe. Its prime purpose of organization is the betterment of investment banking conditions with particular attention to these as they exist in the various States. Its recent activities have been along legislative and educational lines with relation to currency and banking questions, the proposed income tax law and the so-called "blue sky" legislation which has become so prominent a feature in State legislative programmes during the past year or two.

The association has become recognized as a factor of growing importance in its particular field, and its usefulness in promoting closer relations between its members and the communities they serve is now an established fact.

—Walter F. Braun is a new sales manager of the bond department of the Continental and Commercial Trust and Savings Bank, succeeding George W. Pearson, transferred to the buying department.

—The Calumet State Bank, capital \$200,000, and the Aetna State Bank, same capital, have been given permission to organize.

—An increase from \$600,000 to \$1,000,000 will be made in the capital of the Colonial Trust and Savings Bank.

—Combined deposits of the First National Bank and the First Trust and Savings Bank—the national bank statement being of August 9 and the trust and savings bank of August 11 were \$168,849,352.03.

St. Louis

—F. O. Watts, heretofore vice-president of the Third National Bank of St. Louis, succeeds the late Charles H. Huttig as president of that institution. Mr. Watts came to St. Louis a comparatively short time ago from Nashville, Tenn., where he was president of the First National Bank. He has worked his way up from the ranks, and besides attaining a high place in banking, he has been honored by election as



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ACCOUNTS SOLICITED

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of the bank, was elected president of the association at the convention held at Detroit, and had he lived would have presided at the convention to be held in Boston next month.

—W. D. Vandiver has been nominated by President Wilson sub-treasurer at St. Louis.

—Organization of the Central States Trust Company was recently reported here, the capital to be \$200,000.

—Bankers representing the following cities met in conference July 17 and 18 at Omaha, Neb., to discuss the pending national currency bill: Minneapolis and St.

Paul, Kansas City, St. Joseph, Denver, Pueblo, Salt Lake City, Des Moines, Sioux City, Cedar Rapids, Dubuque, Lincoln and Omaha.

—The Peoples National Bank of Clay Centre, Kansas, acted as an employment bureau during the recent harvest, keeping in touch with the farmers needing a hand and sending on men to them seeking work.

—Announcement is made that the Guardian Savings and Trust Company of Cleveland, Ohio, will establish a pension plan for employees, and will carry a \$1,000 life insurance policy for each of them and will offer them new stock of the bank under the market price. Under the pension plan a fund is established which may provide in addition cash to be distributed as bonus to employees every five years. Members of the staff, from president to office boy, men and women, are included in the provisions.

The pension plan provides that the employee may retire at sixty years of age and thereafter may receive for a period of years one-half of his former pay, the pension not to exceed \$2,000 a year. The life insurance is wholly distinct from the pension plan and the policies, 111 of them, have been taken out. Every employee now has a \$1,000 insurance policy, payable at his death to a beneficiary he himself names; the bank pays the premiums and there is no outlay of any sort for the employee.

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The Guardian recently increased its authorized capital stock from \$1,000,000 to \$2,000,000, and sold \$750,000 of the new stock to shareholders at \$200 a share, which was then more than 100 points under the market. Of the other \$250,000 new stock part will go to employees at a price not named, but which will be considerably under the market.

—Cleveland, Ohio, now has two banks with deposits in excess of fifty millions, the

Citizens Savings and Trust and the Society for Savings.

—Bankers who are members of the central group of the Montana Bankers' Association met at Helena on August 14. N. J. Gould, cashier of the American National Bank, welcomed the visitors, and addresses were made by Governor Stewart and Carl H. Peterson, agricultural expert, who talked on "Promotion of Better Farming and Dairying Methods."

The Elements of Foreign Exchange

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ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS

- For the purpose of cooperating in matters of general interest, bankers met at Ness City, Kansas, on August 8 and formed a county organization. The matter of procuring seed wheat for the farmers at reasonable rates was one of the topics discussed.

- Directors of the Illinois State Bank, Quincy, have decided to put up a new building, to cost about \$175,000.

—Work is progressing rapidly on the new Studabaker Bank building at Bluffton, Ind. It is two stories and built of brick and Bedford stone.

—J. P. Whatley, cashier of the Oklahoma National Bank of Chickasha, has been appointed a national bank examiner for Oklahoma and a part of Arkansas.

—Friends of the Central National Bank, Portsmouth, Ohio, were invited to inspect the new building of that institution on the evening of August 9.

—Iowa has 759 savings banks, 294 State banks and fifteen trust companies. On June 28 these institutions reported \$37,895,800 capital, \$18,941,000 surplus and profits and \$304,794,994 due depositors. Since June 29, 1912, there has been an increase of fifty-two in the number of banks and of \$26,033,490 in deposits.

—Colorado bankers held their annual convention at Denver, August 27 and 28.

—The City National of Dayton, Ohio, with which the City Trust and Savings Bank is allied, is now in its new home at Third and Main streets, that city, delay due to the flood in that region early in the year having been met and overcome.

—The Fond du Lac (Wis.) National Bank is enlarging its quarters and installing new fixtures.

—At Mattoon, Ill., the State National Bank will expend \$100,000 in the erection of a new bank and office building.

—Plans have been drawn by R. W. Gibson, a New York architect, for the new twenty-story building for the First National Bank of Minneapolis.

—Fleming Brothers Bank of Denver and the Broadway Bank of that city have consolidated and will occupy a fine new struc-

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ture to be raised at Broadway and First avenue. The work of construction, it is expected, will be finished by January 1.

--According to Jerome Thralls, manager of the Kansas City Clearing-House, the deposits in the forty-seven banks of that city recently amounted to \$142,872,210.

--A national organization to defend and extend the famous "Blue Sky" law has been formed at Topeka, Kansas, with J. N. Dolley, ex-Bank Commissioner and author of the statute, at its head.

--Plans have been drawn by a Chicago architect for a new building, to cost about \$1,000,000, for the Merchants National Bank, St. Paul, Minn. It will be recalled that there was lately a merger of the German-American National with this bank.

--Banks of the Pacific Northwest, Washington, Oregon, Montana and Idaho, show more than 583 millions of resources. Washington leads with more than a quarter billion. The total number of banks in the four States is 1012.

--The Union Trust Company, with \$500,000 capital, is new at San Diego, Cal. John F. Froward, Sr., is president.

--The branch of the Berkeley (Cal.) Bank of Savings and Trust Company, associated with the First National Bank of Berkeley, is now occupying its new building at Telegraph avenue and Sather Gate.

The building is a magnificent concrete structure, well lighted, heated and ventilated. The banking room is 35x80 feet. The large windows are supplemented by a

PACIFIC STATES

--What will be, when completed, the largest office building in Portland, Ore., is now being constructed on the site of the old Marquam Building for the Northwestern National Bank, which will occupy quarters in it. It is sixty by 200 feet ground plan and will be fifteen stories high. It is to be fireproof, entirely modern and will cost approximately \$800,000.

--An illustration of the new building now under construction for the First National Bank, Redlands, Cal., shows that it will be one of the very fine bank buildings of the State.

--Portland, Ore., is to adopt the school savings system as proposed by the Security Savings and Trust Company of that city to the School Board. It will be tried out in a few schools first, and if it works well will be extended to all. The children will be encouraged to start accounts with the earnings from the sale of their products.

SAVINGS BANKS

and savings banks officers, clerks and trustees ought to get at once the new book on

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skylight, making the new banking room one of the lightest and most comfortable to be found anywhere. It is equipped with modern conveniences and has a tiled floor, with a mezzanine floor to provide for future growth.

One of the features of the bank is an elaborately furnished ladies' writing and rest room. The vaults are entirely new and are protected by modern devices.

A. W. Naylor, president of the affiliated banks, says that the branch was established to keep pace with the growth and development of this section of the city.

The banks, organized over twenty-one years ago when Berkeley was a small town, have been factors in the growth of the community for many years. They enjoy an enviable reputation for strength and stability, and the establishment of this branch is but another indication of a progressive policy. The resources of these banks have grown from year to year until to-day they are over \$7,500,000.

—Assistant Attorney-General Lyle of the State of Washington has written an opinion declaring that the private banks of that State (about 1915 in all) must incorporate or go out of business.

—The eighteenth annual convention of the Washington State Bankers' Association was held at Bellingham, August 7 and 8. W. H. Martin, vice-president, presided in the absence of President Patterson of Aberdeen.

Spokane and Seattle Chapters of the A. I. B. debated the question of establishing land-credit banks.

Following are the officers elected by the association: President, W. H. Martin, vice-president Pioneer National Bank, Ritzville; vice-president, Robert Moody, vice-president First National Bank, Everett; secretary, P. C. Kaufman, director Fidelity Trust Company, Tacoma (re-elected); treasurer, P. M. Winans, cashier First National Bank, Walla Walla.

The association elected R. L. Butler of Spokane vice-president of Washington for

the American Bankers' Association, and J. W. Maxwell of Seattle, member of the nominating committee of the State of Washington for the American Bankers' Association.

—Deposits of the Crocker National Bank, San Francisco, on August 9 were \$17,873,685, and total resources, \$25,591,806. This bank is particularly strong in capital equipment, the capital being \$2,000,000, and surplus and profits, \$3,046,254.

—At the opening of the Union National and Union Trust and Savings banking rooms in Pasadena, Cal., July 12, a feature, in addition to the floral decorations, was the exhibition of gold bullion to the value of nearly \$100,000, the June output of the Tom Reed mine near by.

—Oakland, Cal., is to have another first-class bank structure, an eleven-story building at Sixteenth street and San Pablo avenue for the First Trust and Savings Bank. The interior finish of this bank will be unique in one particular. It is to be of blue gum or eucalyptus wood.

CANADIAN NOTES

—R. H. Gibson is manager of the new branch of the Bank of Nova Scotia at Trenton, N. S.

—A branch of the Canadian Bank of Commerce, with H. H. Hyland, manager, has been opened at Oshawa, Ont.

—S. H. Logan, heretofore manager of the Cobalt branch of the Bank of Commerce, goes to that bank's branch at St. John's, N. F., and T. C. Wood succeeds Mr. Logan at Cobalt.

—A four-story building will be erected for the Quebec Bank's branch at Winnipeg.

—Canadian banks now have over 3000 branches.

—J. C. Massie is manager of the branch of the Metropolitan Bank recently opened at Stratford, Ont.

—A. G. Fry goes from the Winnipeg branch of the Bank of British North America to the office of the same bank in San Francisco.

—A. H. Walker succeeds F. W. Branghall as general manager of the Sterling Bank of Canada.

—Windsor Street Branch is the name of a new office of the Bank of Montreal at the Canadian Pacific Railroad Windsor Station, Montreal.

—Hon. George Bryson succeeds David MacLaren as president of the Bank of Ottawa, Mr. MacLaren having resigned on account of ill health. J. B. Fraser succeeds Mr. Bryson as vice-president.

—Jackson Dodds succeeds A. G. Wallis as secretary of the Bank of British North America at the head office in London, Mr. Wallis retiring on a pension after forty-six years of service with the bank, for thirty-two years filling the post of secretary. Mr. Dodds entered the service of the bank in 1901 at Halifax, being later stationed at other places. In 1911 he was appointed assistant secretary at London.

American Bankers Association—Thirty-Ninth Annual Convention at Boston, Mass.

TENTATIVE PROGRAMME

THE programmes of the various meetings follow. They are as complete as possible at this period, and are subject to change.

BUSINESS SESSIONS OF THE ASSOCIATION.

Monday, October 6, 1913.

In the forenoon, Committee Meetings at the Copley Plaza Hotel.

At 2 o'clock p. m., Executive Council Meeting at the Copley Plaza Hotel.

Tuesday, October 7, 1913.

Section Meetings.

Wednesday, October 8, 1913.

FIRST DAY'S SESSION.

At Symphony Hall.

Convention called to order at 9.30 o'clock a. m. sharp by the First Vice-President, Arthur Reynolds.

Invocation.

Addresses of welcome—Thomas P. Beal, President Boston Clearing House; Hon. John F. Fitzgerald, Mayor of Boston;

Response to addresses of welcome and annual address—Arthur Reynolds, Des Moines, Iowa, First Vice-President.

Memorial to Charles H. Huttig—Opening response, F. O. Watts, ex-President American Bankers Association.

Annual report of the General Secretary—Fred E. Farnsworth, New York City.

Annual report of the Treasurer—J. Fletcher Farrell, Chicago, Ills.

Annual report of the General Counsel—Thomas B. Paton, New York City.

Annual report of the Executive Council—Thomas J. Davis, Cincinnati, Ohio, Chairman.

Annual report of the Standing Protective Committee—Fred E. Farnsworth, Secretary.

11 o'clock.

Report of the Currency Commission of the American Bankers Association—A. B. Hepburn, New York City, Chairman.

Discussion and debate led by members of the Currency Commission.

Announcements.

Recess for luncheon.

Wednesday, October 8, 1913.

AFTERNOON SESSION.

2 o'clock.

Reports of Sections—Trust Company, Savings Bank, Clearing House, American Institute of Banking, State Secretaries.

3 o'clock.

Report of Committee on Constitutional Revision—Robert E. James, Easton, Pa., Chairman.

Announcements.

Adjournment.

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Lv. New York	5.00 p. m.
Ar. Boston	10.00 p. m.

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10.02 a. m. via Shore Line	4.00 p. m. Daily
1.08 p. m. via Shore Line	7.00 p. m. Daily
3.00 p. m. via Shore Line	8.30 p. m. Daily
5.33 p. m. via Shore Line	11.00 p. m. Daily

Returning, BOSTON TO NEW YORK.

Lv. Boston	Ar. New York
8.15 a. m. via Shore Line	1.52 p. m. ex. Sun.
10.00 a. m. via Shore Line	3.32 p. m. Sun. only
10.03 a. m. via Shore Line	4.00 p. m. Daily
1.02 p. m. via Shore Line	6.45 p. m. Daily
3.00 p. m. via Shore Line	8.30 p. m. Daily
5.30 p. m. via Shore Line	11.00 p. m. Sun. only
5.33 p. m. via Shore Line	11.05 p. m. Daily

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Thursday, October 9, 1913.

SECOND DAY'S SESSION.

At Symphony Hall.

Convention called to order at 9.30 o'clock sharp by the First Vice-President, Arthur Reynolds.

Invocation.

Agricultural Symposium—Report of the Committee on Agricultural and Financial Development and Education; Joseph Chapman, Minneapolis, Minn., Chairman.

Addresses—James J. Hill, St. Paul, Minn., "Agriculture in the United States"; Dr. George E. Vincent, President of the University of Minnesota, "The Tendency Toward Practical Education"; Sam Jordan of Pettis County, Mo., "The County Agent."

Debates and Questions.

Action on report.

Announcements.

Recess for luncheon.

Thursday, October 9, 1913.

AFTERNOON SESSION.

2 o'clock.

Reports of Committees.

Invitation for next convention.

Unfinished business.

Communications from Executive Council.

Resolutions.

Report of Committee on Nominations.

Action on same.

Installation of officers.

Announcements.

Adjournment, *sine die*.

At the close of the Convention a meeting of the new Executive Council for organization will be held at the Copley Plaza Hotel.

TRUST COMPANY SECTION.

Tuesday, October 7th, 1913.

Copley-Plaza (Ball Room).

ORDER OF PROCEEDINGS.

10 o'clock a. m.

Meeting called to order by the President of the section.

Prayer by the Rev. Walter E. Clifton Smith, Rector St. Mary's Church, Dorchester.

Annual address of the President, William C. Poillon, Vice-President Bankers Trust Company, New York.

Report of the Executive Committee—Ralph W. Cutler, President Hartford Trust Company, Hartford, Conn., Chairman.

Report of the Secretary—Philip S. Babcock.

Report of the Committee on Legislation—William C. Poillon, Chairman.

Report of the Committee on Protective Laws—Lynn H. Dinkins, President Interstate Trust and Banking Company, New Orleans, La., Chairman.

Address—The Hon. Samuel McCall of Massachusetts; Roberts Walker of New York.

TOPICS FOR DISCUSSION.

The following subjects have been selected as of interest to the Section, and it is hoped that they may promote active discussion by the members present, who are urged to speak freely upon them:

1. "Advantages of Co-operative Publicity of Trust Company Functions."

2. "Annuities and Pension Funds for Employees."

3. "A Model Trust Company Law."

General Discussion of such other topics as may be proposed, and may have the approval of the presiding officer.

Roll-Call of States, to be answered by the Vice-Presidents of the Section in brief written reports dealing with the history of the trust companies in the several states during the preceding year, and with the present conditions pertaining to them. (Vice-Presidents may be heard from in brief addresses amplifying or explaining any topics contained in their reports by giving previous notice of their intention to the Secretary.)

Election and Installation of Officers.

Unfinished Business.

SAVINGS BANK SECTION.

Tuesday, October 7th, 1913.

Copley Hall.

ORDER OF PROCEEDINGS.

10 o'clock a. m.

Meeting called to order by the President of the Section.

Invocation.

Greetings.

President's Address—R. C. Stephenson, Vice-President St. Joseph County Savings Bank, South Bend, Indiana.

Report of Executive Committee—Wm. E. Knox, Comptroller Bowery Savings Bank, New York City, Chairman.

Report of Secretary—E. G. McWilliam, 5 Nassau Street, New York City.

Report of Law Committee—John H. Sturgis, Treasurer Franklin Savings Bank, Boston, Chairman.

Report of Membership Committee—George E. Edwards, President Dollar Savings Bank, New York City, Chairman.

Report of Committee on School Savings Banks—N. F. Hawley, Treasurer Farmers and Mechanics Savings Bank, Minneapolis, Minn., Chairman.

Address.

Appointment of Nominating Committee.

2.30 o'clock p. m.

Report of Committee on Methods and Systems—V. A. Lersner, Assistant Cashier, Williamsburgh Savings Bank, Brooklyn, N. Y., Chairman.

Address—Wm. J. Burns, of the Wm. J. Burns National Detective Agency, New York.

Address.

Report of Nominating Committee.

Election of President, Vice-President, three members of Executive Committee to serve three years, and State Vice-Presidents.

Installation of Officers.

Meeting of Executive Committee immediately following adjournment.

CLEARING HOUSE SECTION.

Tuesday, October 7th, 1913.

Copley-Plaza (The Salon).

ORDER OF PROCEEDINGS.

10 o'clock a. m.

Meeting called to order by the President of the Section.

Invocation.

Annual Address of the President—Ralph Van Vechten, Vice-President Continental and Commercial National Bank, Chicago, Ill.

Annual Report of Executive Committee—A. O. Wilson, Vice-President State National Bank, St. Louis, Mo., Chairman.

Annual Report of the Secretary—O. Howard Wolfe.

Address "The Incorporation of Clearing Houses."—Carl Meyer, of Chicago.

Address "Extension of Clearing House Examinations."—Speaker to be announced.

AFTERNOON SESSION.

2.30 o'clock p. m.

Call to Order.

Address "Needed Reforms in Check Collection Laws and Methods."—Raymond B. Cox, Assistant Cashier, Fourth National Bank, New York City.

Nominations and Elections *for: President, Vice-President.

Members of Executive Committee.

Call of Cities.

Questions and Discussions.

Installation of Officers Elected.

STATE SECRETARIES SECTION.

Tuesday, October 7th, 1913.

Copley-Plaza (State Dining Room).

ORDER OF PROCEEDINGS.

10 o'clock a. m.

Meeting called to order by the President of the Section.

Invocation.

Address of Welcome—George W. Hyde, Secretary Massachusetts Bankers Association.

Response—F. H. Colburn, Secretary California Bankers Association.

President's Address—W. C. Macfadden, Secretary North Dakota Bankers Association.

Report of Secretary-Treasurer—W. B. Harrison, Secretary Oklahoma Bankers Association.

"The Limits of the Secretary's Field"—Andrew Smith, Secretary Indiana Bankers Association.

Discussion of the above topic.

"Should an Association Publish a Monthly Journal?" This topic will be viewed from the following angles:

(A) Is such publication an intrusion on private publishers?

(B) Does the average State Association Publication return a profit, or is it an expense?

(C) Is it unethical for a State Association to solicit advertisements from banks for its publication?

(Answers to the above question will be sought from the Secretaries for Kansas, Michigan, North Dakota, Ohio, Texas, and any other States having Association Publications).

"The Secretary's Part in the Better Farming Movement."—Geo. H. Richards, Secretary Minnesota Bankers Association.

Discussion of the above topic.

Experience Meeting and General Suggestions.

New Business.

Election and Installation of Officers.

Adjournment.

ENTERTAINMENT PROGRAMME.

MONDAY, October 6:

9—10 a. m. Automobiles leave Copley Square for three-hour trips:

1. Through Boston.
2. Through the Metropolitan Park System.
3. To Concord and Lexington.
4. Along the North Shore.

1—2 p. m. Motor trips starting from Copley Square.

8 p. m. Carnival on Charles River Basin.

TUESDAY, October 7:

- 9—10 a. m. Motor trips starting from Copley Square.
- 1—2 p. m. Motor trips starting from Copley Square.
- 9 p. m. Reception and Ball—Symphony Hall.
- 11 p. m. Buffet Supper—Horticultural Hall.

WEDNESDAY, October 8:

- 9—10 a. m. Motor trips starting from Copley Square.
- 1—2 p. m. Motor trips starting from Copley Square.
- 8 p. m. Historical meetings.
Faneuil Hall (1763).
- 7—8 p. m. Concert of American airs by First Corps of Cadets Orchestra.
- 8 p. m. Address on the historic value of the "Cradle of Liberty," by Honorable Robert Luce, formerly Lieutenant Governor of Massachusetts.
Patriotic selections of the Weber Male Quartette.
Old South Meetinghouse (1729).
- 8 p. m. Singing by Harvard Male Quartette.
Concert of American compositions by Daggett's Orchestra.
Address on the history of the building.
Speaker to be announced later.
Christ Church (1723).
- 7.15 p. m. The chime of bells, obtained in England in 1744, will be rung for forty minutes—a total of 550 changes—by a guild of English bell ringers who have headquarters at the church.
Music in charge of Mr. Arthur W. Thayer.
- 8 p. m. Address by Dr. George Hodges, Dean of the Episcopal Theological School in Cambridge.
After the exercises in the church a descendant of Paul Revere will climb the belfry tower and hang two lanterns from it in memory of April 19, 1775.
- King's Chapel (1754). Church established 1686.
- 8 p. m. Organ concert by Mr. Malcolm Lang.
Address by Honorable John D. Long, formerly Governor of Massachusetts.
Singing by Pilgrim Male Quartette.
Among other selections the audience will be asked to join in singing will by the famous hymn "Our Fathers," written by Rev. John Pierpont, great-grandfather of Mr. John Pierpont Morgan.

THURSDAY, October 9:

- 9—10 a. m. Motor trips starting from Copley Square.
- 1—2 p. m. Motor trips starting from Copley Square.

8.15 p. m. Symphony Hall—Special concert by the Boston Symphony Orchestra.

FRIDAY, October 10:

- 10.30 a. m. Special cars leave Copley Square for Rowe's Wharf.
- 11 a. m. Three steamers of the Nantasket Line leave for a sail among the islands.
Music by an orchestra of ten pieces on each boat. Books containing the words of popular songs will be distributed and a quartette will lead the singing.
- 12—1 p. m. Arrive at Nantasket Beach.
- 1—3 p. m. "Shore Dinner" in Paragon Park.
Music by a band of thirty pieces.
- 3.30 p. m. Boats leave Nantasket for an inspection of the inner harbor and the Navy Yard.
- 5 p. m. Steamers arrive Rowe's Wharf.

NOTES.

Under the auspices of the Historical and Church Committee arrangements have been made so that during the entire week the visitors will have special privileges at the State House, Bunker Hill Monument, the Museum of Fine Arts and other places of interest. Special guides will await the visitors at all these places.

The Commandant of the Navy Yard will extend all courtesies, and two United States battleships will lie at anchor in the harbor for inspection.

Throughout the city and the suburbs every place of historic interest will be plainly marked.

The Committee on Clubs will make all possible arrangements for the comfort of guests of the convention.

Guides will be furnished to conduct parties of visitors about Harvard University.

Visitors will be welcomed at a number of the largest industrial plants of Boston and nearby cities.

There will be a committee of Boston hostesses to greet the visiting ladies and assist in their entertainment. In addition to the automobile trips, the carnival, the reception, ball and supper, the historical meetings, the Symphony Concert, and the excursion and shore dinner, all of which will prove as delightful to the ladies as to the gentlemen, there will be for the ladies a number of other events, including teas at the Brae-Burn and Brookline Country Clubs, and probably a concert at the New England Conservatory of Music.

HOTEL ACCOMMODATIONS.

All arrangements for hotel accommodations in Boston have been handled by the local hotel committee. All hotels furnishing rooms

for delegates and guests have placed in the hands of the hotel committee their entire accommodations available. Delegates and guests intending to attend the Convention who have not yet reserved hotel accommodations should write at once to the Chairman of the Hotel Committee, Charles P. Blinn, Jr., care National Union Bank, Boston, Mass.

SPECIAL TRAINS TO THE BOSTON CONVENTION.

With each succeeding convention of the American Bankers Association arrangements are more fully completed to take to the convention bankers from their respective localities by special trains of the finest equipment and running on special schedules. The use of the special trains is increasing yearly, and they are meeting with great favor. This year separate special trains will carry bankers from the Southeast, the South, the Southwest, the Pacific Coast, the Northwest, and the Middle West. Most of the trains are scheduled to reach Boston on Sunday, so that guests will have an opportunity to become well settled in their hotels before the beginning of the business of the week.

There are many phases of this plan which are advantageous. The bankers get the best equipment and they are enabled to become thoroughly acquainted with one another before reaching their destination, which adds very greatly to the social features of convention week.

REGISTRATION AT THE CONVENTION.

HOTEL COPLEY-PLAZA HEADQUARTERS.

Registration in foyer—ground floor.

Members may register for those attending the Convention as follows:

One delegate, who must be an officer, director or trustee of the institution he represents, or a member of a banking firm or a private banker; and for

One guest, who must be a member of the delegate's family or some one connected with his bank, otherwise a charge of \$10 will be made.

For additional guests the payment of \$10 will be required for each registration. All funds so collected are turned over to the local committee at Boston and go toward defraying the expense of the entertainment provided for such guests, and the charge is based on a resolution of the Executive Council.

On arriving at the registration headquarters answer distinctly the questions asked of you by the stenographer.

Should you reside in a place other than where the bank you represent is located, register on account of such bank under the city in which it is located.

If the guest accompanying is not connected with the institution represented, nor a member of the delegate's family, inform the stenographer, after you have registered as a delegate, that you wish to register for an "extra guest" or "extra guests" as the case may be. Separate registration cards will be used for such guests, hence this request.

As indicated above, one person should make the necessary registrations on account of the member bank, banker, or private banking firm. This will prevent an unnecessary attendance at the registration quarters and possible confusion will thus be avoided.

Read the registration cards that may be handed to you, and then present the same at the proper desk at the headquarters and receive your badges and souvenirs.

The Association will publish daily its own registration list.

REDUCED RAILROAD RATES TO THE CONVENTION.

In the August, 1913, Journal-Bulletin, an article was published giving information received up to that time, bearing on this matter.

The following additional information is herewith submitted:

CENTRAL STATES—Central Passenger Association: Round trip excursion tickets have been authorized from this territory, and tickets will be sold on October 3, 4, and 5, with final return limited to reach original starting point not later than midnight of October 16. Tickets will require validation by the city or depot ticket agent of the terminal lines at Boston. For information as to through routes and fares, Delegates are referred to the ticket agent at their respective home towns.

CHICAGO WEST—Western Passenger Association: Fares—Open rate of two cents per mile in each direction to Chicago, Peoria or St. Louis, added to the fares tendered therefrom, from a limited number of points in Western Passenger Association territory to be selected by the Rate Clerks. Fares made on one gateway to be equalized through other gateways from territory from which it is customary to make such equalizations. Dates of sale and return limit—From points in Illinois, also from Bellevue, Burlington, Clinton, Davenport, Dubuque and Keokuk, Ia., and from Hannibal and St. Louis, Mo., tickets to be sold on October 3-5 inclusive, with final return limit to reach original starting point not later than midnight of October 16, 1913. From other points in Western Passenger Association

territory, tickets to be sold on October 2-4 inclusive, with final return limit to reach original starting point not later than midnight of October 17, 1913. Transit limits—Tickets to be limited for going passage commencing date of sale, and for continuous passage in each direction. Form of ticket—Standard Form S to be used. Tickets to be validated by agent of terminal line at Boston. Connecting lines—The foregoing fares and arrangements to be tendered to connecting lines for basing purposes.

SOUTHWEST—Southwestern Passenger Association: This Association has reconsidered the matter of reduced rates, and, therefore, the information contained in the August issue of the Journal-Bulletin, should be considered void. The following conclusion as to reduced rates from this territory has been reached: Open rate of four cents per mile for the round trip from all points in the Southwestern Passenger

Association territory up to the gateways of this Association, added to the fares tendered therefrom to Boston, Mass., and return; tickets to be on sale from all points in Southwestern Passenger Association territory October 2, 3, and 4, 1913, EXCEPT that from points in Texas on and west of a line drawn through Amarillo, Big Springs, Eagle Pass and Del Rio, tickets to be on sale October 1, 2, and 3, 1913; tickets to be limited for return to reach original starting point prior to midnight of October 17, 1913. Tickets to be good going commencing date of sale and for continuous passage in each direction.

Delegates traveling on the certificate plan should present such certificates at the registration headquarters in the Copley-Plaza Hotel, immediately upon registering, in order that these certificates may be duly vised. These certificates should be signed in the proper place provided thereon, before depositing the same.

Investigation of Bank Failures

THE August "Monthly Letter" of the People's National Bank of Pittsburgh contained the following legislative suggestion on the above subject:

In England there is a law which provides for investigation of bank failures by a commission of experts. The commission has the power not only to obtain facts but the ability to make clear deductions therefrom. Instead of wild and disjointed rumor and conjecture which for a moment flood the press and are forgotten, and instead of the stockholder being treated as wholly without consideration, there should be a thorough investigation of and dispassionate report on every case of bank insolvency. This is due the depositor who suffers temporary inconvenience or actual loss; to the stockholder who has furnished the capital; to the investor who may participate in an enterprise after it has been established and becomes profitable, and to the general public which must make use of banking facilities. Such investigation and report would be of benefit to other bankers, by enabling them to

make deductions from specific instances of neglect, bad practice, poor judgment, dangerous affiliations, or whatever might be disclosed as the essential factor in a given case of insolvency. An official presentment of the character described, clearly and courageously setting forth the details, would also be of benefit in aiding the public to select its individual depository from among those institutions which are free from the defects disclosed by such investigation. It would enable intelligent business interests to apply the information thus obtained to their present banking affiliations and to determine the relative value between special inducements sometimes held out to obtain an account and the dependable service of institutions which decline to surrender any of the principles which experience has proved to be safe and of real mutual advantage. It would prompt the inquiry: "Is my bank engaged in the kind of business that is liable to cause trouble or inconvenience? Are its methods or affiliations in any way similar to those that have invited embarrassment?"



Board Room—Columbian National Life Ins. Co., Boston, Mass.

Furnished by Doten-Dunton Desk Co.

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DOTEN-DUNTON

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-SEVENTH YEAR

OCTOBER 1913

VOLUME LXXXVII, NO. 4

Revolution or Evolution of Banking

Co-operation, Not Centralization, the Wise Policy

THE time is near at hand when the United States must decide whether it is to have centralized banking or coöperative banking.

A central bank (practically) was provided for in the National Monetary Commission plan. The management was to be in the hands of bankers.

A central bank (practically) is contemplated in the Glass-Owen bill now pending in Congress. The management, virtually, is to be in the hands of political appointees.

A central bank managed either by bankers or by politicians is opposed to our history, institutions and experiences.

We have tried a central bank twice and it has been discarded both times.

If Mr. WILSON gets his present central bank bill through Congress, a political fight will at once be commenced against the institution, and our whole banking system will become the bone of party contention. This prospect is not a reassuring one, and such a condition of affairs should be avoided if possible.

BOTH FACTIONS SEEKING COÖPERATION.

It must be apparent to everybody now that both those who favored the National Monetary Commission plan

and those who support the Glass-Owen bill are striving to unify our banking system, to bring its scattered units into some kind of harmony.

But the partisans of each of the plans named are using the wrong methods to accomplish their aims.

They both seek completely to revolutionize our entire banking system.

More than that, they both seek to do this in a way that directly antagonizes all our traditions and experiences.

CLEARING-HOUSE COÖPERATION THE RIGHT WAY.

If we are to have unity in banking, if we are to have a system in keeping with our habits and history, it must come by evolution, not by revolution in our banking system.

Both the Monetary Association plan and the Glass-Owen plan are revolutionary.

The evolutionary plan is to take the experiences of the clearing houses and on this to build up a thoroughly American banking system, completely in accord with our ideals and institutions.

Join all the banks of the United States together through group clearing-houses, for examination, for redemption of checks and credit notes, let

the Government supervise and inspect these clearing-house organizations, their rules and their practices, to insure fair play to every bank and to the people; if necessary, link all the clearing-houses together into one democratic clearing-house, and we shall then have evolutionary banking based upon the lessons of experience instead of revolutionary banking founded upon the dreams of the theorist.

Rags and Wind as a Basis of Banking

Billions of Credit to be Manufactured Without a Dollar of Fresh Banking Capital

THIS statement sounds sensational—and THE BANKERS MAGAZINE does not wish to be sensational, yet we do not mince matters when the financial honor of this country is at stake.

It never has supported anything either crooked or rotten and it never will.

We fought the National Monetary Commission plan harder than anybody else did, and we helped to kill it.

We fought it because it was a central bank scheme which big bankers aimed to control for their own ends.

We are fighting the BRYAN rag-baby banking bill now because it is another central bank scheme which the politicians have cooked up to keep themselves in power indefinitely by granting or withholding favors just as they see fit.

This was the same monstrous combination of politics and banking which ANDREW JACKSON attacked and destroyed.

Its power would be a million times greater now than then.

BRYAN, WILSON, GLASS and OWEN are scheming to fasten upon the coun-

try a greenback currency issued through a central bank, miscalled a Federal Reserve Board, controlled by them and by their favorites and with the power and equipment to reward their favorites and to punish those who do not agree with them politically.

It is a lovely scheme; but it won't work.

Put your rag-money bill through Congress, gentlemen; set up your political central bank; start the printing-press to work making "money"; go on creating billions of credit through a system of banks without bringing a single dollar of fresh banking capital into that system, and learn again that two and two make four, and that a banking system contrary to our traditions and history has been twice tried and has twice failed, as it will fail again; and find out once more the age-old truth that a Government paper money is one of the most effective means ever devised for robbing and impoverishing a people. You gentlemen may never find this out, for your minds seem hopelessly obsessed by the notion that printed pieces of Government paper are money; but the people will find it out, and when they do, woe unto those by whom the offence cometh!

The American Bankers Convention

Attitude on the Currency Question

OVER four thousand bankers in convention assembled at Boston the first week in October spoke with practical unanimity and significant emphasis against some of the provisions of the pending banking bill.

Mr. ARTHUR REYNOLDS, who presided over the convention, vigorously condemned several of the bill's features. Mr. HEPBURN, presenting the

report of the currency commission, in plain fashion called attention to the weak and unsound elements in the bill, and frankly denounced some of its provisions as socialistic. With almost unanimous voice and with an enthusiasm never equalled in a gathering of bankers in this country, the convention accepted the report which Mr. HEPBURN presented.

The conference of country bankers on the Monday preceding the convention confined itself largely to declaring against the segregation of saving deposits and the clearing of country checks. This conference, of course, was not a part of the regular convention, but merely represented the views of those who participated in it.

Clearly the sentiment of the bankers of this country, so far as it was represented at the Boston convention, is decidedly hostile to a number of the provisions of the Glass-Owen bill. The feeling of hostility is intense and bitter. Bankers do not believe they are being fairly treated. They feel that the bill if enacted as it passed the House will do them substantial and serious injury, and that under its terms they can neither conserve their own interests nor adequately and efficiently serve the communities upon whose commercial and industrial prosperity the welfare of the banks depends.

It would perhaps not be going too far to say that very many national banks—possibly a majority of them—will decline to be forced into the new banking system and will take out State charters.

This is a serious condition, and the Administration at Washington, if not thoroughly blinded with passion and frenzy in its mad assault upon the banks of the country, should give heed to it.

Greenbackers Show Their Colors

Owen Declares Proposed Notes Should Be a Legal Tender

PERSONS whose business it is to watch the development of banking and currency affairs cannot fail to have noted a most significant declaration made by Senator ROBERT L. OWEN, chairman of the Senate Committee on Banking and Currency, in his recent address before the Ohio State Bankers Association. During his address, the following colloquy occurred:

"A Member.—Are these notes that the reserve banks issue legal tender?"

"Senator OWEN.—Not by the language of the present bill; but I think they ought to be legal tender."

At last the cat is out of the bag, and we see just what are the real aims of Mr. OWEN, Mr. GLASS, Mr. WILSON and Mr. BRYAN. The latter has declared that the provision in the pending bill for having the new notes issued by the Treasury is a triumph for the people.

It is the old, old story of greenbackism over again. The people behind this bill are substantially greenbackers like the late PETER COOPER, General WEAVER and others.

They believe that money is made by the printing-press.

Although the new notes are not a legal tender, and are theoretically not available as bank reserves, there is no doubt they will be so employed—certainly by the State banks.

The next step—and if the first step is taken the second may soon be looked for—will be to make the notes a legal tender.

Even before this is done we are going to have in effect a paper note, unlimited practically in volume, employed as a large part of the country's banking reserves.

The free silver snake's head was cut off, but a new greenback head has taken its place.

We could make a safe bet that the chief apostle of the new greenback crusade is WILLIAM J. BRYAN and that his most ardent followers in this foolish rag-money scheme are Mr. WILSON, Mr. GLASS and Senator OWEN.

The Voice of a False Prophet

Bryan Dictating the Country's Banking Legislation

IN 1896 WILLIAM J. BRYAN tried to be elected President of the United States on a platform that sought to destroy the gold standard in the United States and substitute for it the debased silver standard. He was overwhelmingly repudiated by the American people. He tried the same thing over again in 1900 and in 1908. But the people repudiated him and his theories on both these occasions. When WOODROW WILSON was elected President in 1912, with BRYAN's aid, the erstwhile perennial aspirant for the Presidency was made Secretary of State—a distinguished office which he has made ridiculous perhaps for the first time in American history. His false doctrines about money have never been relinquished, and he is believed to be the chief instigator of the paper-money scheme now pending in Congress. Here is what he says of its most foolish and dangerous provision:

"The provision in regard to the Government issue of the notes to be loaned to the banks is the first triumph of the people in connection with currency legislation in a generation. It is hard to overestimate the value of this feature of the bill. In the second place the bill provides for Government control of

this money—that is, control through a board composed of Government officials selected by the President with the approval of the Senate. This is another distinct triumph for the people, one without which the Government issue of the money would be largely a barren victory."

That is, the fallacy of Government regulation of the volume of currency—the most thoroughly exploded of all financial heresies—is still clung to with tenacity by the free-silver apostle, and this foolish and dangerous doctrine has been adopted by the President of the United States. It only needed that the people be given a chance to vote on BRYAN's financial heresies that it might be shown with what scorn and contempt his theories were regarded by the voters of the country. If Mr. WILSON persists in his attempts to force upon the United States these discarded doctrines, he may expect from the people the same stinging and emphatic rebuke they have thrice administered to WILLIAM J. BRYAN.

Wicked Banks of a Wicked City

FROM the brilliant and sparkling pages of that excellent Washington publication, the "Congressional Record" we extract the following beautiful gem of oratory fresh from the lips of Hon. DAN V. STEPHENS, a Representative in Congress from the State of Nebraska. Hon. DAN was projecting his luminous intellect upon the dark caverns of the Glass-Owen currency bill and telling how to prevent the use of bank reserves for speculation. Here's the way:

"Now, the question is: How are we to prevent this sort of use of the peo-

ple's legal bank reserves by the enactment of the Glass-Owen bill? We can prevent absolutely the pyramiding of the legal reserves of the nation in New York banks under private control, where they can be used for stock-gambling and stock-watering purposes, to the very great loss of the whole nation. It is true, however, after we have done this, the banks of New York are still rich beyond the dreams of Cræsus.

"For the last fifteen years they have been waxing fat on the tolls they have taken from commerce and through high financing. They have transferred from the people's credit to their own credit millions upon millions of the people's capital every year. They neither spin nor weave, therefore produce no wealth. They simply feed upon those who do produce it by controlling the vast credits of the country for their own benefit. Therefore, New York will go on collecting her tribute upon the nation's commerce, but her power will be lessened by a few hundred millions of legal bank reserves which the Glass-Owen bill will take from her control. New York city is an economic waste to the nation. Through the haphazard method of permitting commerce to take its own course, without regard to cost or consequences, we find many railroads and steamship lines centering in that city, forcing to the highest point the cost of handling commerce. Building lots selling at the rate of \$25,000,000 an acre, skyscrapers built at an enormous cost, tunnels under the great Hudson River in many places, subways blasted out through the length of Manhattan to expedite traffic—all this is done at a cost of untold millions of money, every dollar of which is collected in tolls from the commerce of the nation that clears there and from the profits of stock watering and gambling. Four million people congested on a rock-bound island in the

Hudson River, the most impractical and expensive place possible to locate a city. The cost of conducting business there is not only inordinately great, but the evils arising from the congestion of population make the city a great ulcer on the body politic. It is fast becoming a menace to the peace and welfare of the republic in more ways than one. The day, no doubt, will come when the Government will have to direct the movement of commerce in order to prevent the development of great cities. Great cities are to nations what a tumor is to a human body. We may have to cut them out some day to save the life of the nation."

Had the Hon. DAN ventured into the wicked city whose banks and people are accursed with fatness he might have found that there are not quite "four million people congested on a rock-bound island in the Hudson River," but that a few odd millions of the town's inhabitants are scattered abroad through the more or less rural regions of Long Island, the Bronx and Staten Island.

"New York city," he declares, "is an economic waste to the nation." And why? Simply "through the haphazard method of permitting commerce to take its own course." Could anything possibly be more foolish than to allow commerce to take its own course? Does it not lead to prosperity, and is anything more horribly wicked than that? But the Hon. DAN and the Congress of the United States are coming to our relief. They propose to control commerce by legislation to take away the money from the New York banks, to destroy them and their accursed prosperity; nay, if need be to destroy all great cities. These, says the Hon. DAN, "are to nations what a tumor is to the human body. We may have to cut them out some day to save the life of the nation."

Banking Without Capital

DEPOSIT banking in the United States and in Great Britain has developed to a point where but little actual money is required to carry on the vast operations of commerce. Even currency of any kind—that is, Government or bank notes—plays but an insignificant part in these transactions, and coin is much less used. The check settles most of the transactions.

From this condition of affairs, theorists have attempted to deduce the corollary that actual money of any kind is not essential in carrying on a country's business. Attempt to put this theory into practice usually take the form of proposals to issue Government currency, "adequate in volume to meet the demands of trade"; but sometimes it expresses itself in proposals to issue bank notes unsupported by coin.

In the early days of banking in the United States certain ingenious gentlemen tried to establish and operate banks without capital, and were for a time successful.

The latest attempt of this character is furnished in the bill now pending in Congress. It proposes to establish twelve Federal Reserve Banks, whose capital will be, nominally, not less than \$5,000,000 for each bank.

We say nominally, for the reason that not a dollar of fresh capital is to be contributed toward organizing the new banks. The so-called capital of the Federal Reserve Banks is to be subscribed by the existing national banks, each one subscribing twenty per cent. of its capital stock, one-fourth of such subscription to be paid in cash, one-fourth in sixty days, and the remainder to be a liability of the subscribing bank.

Where are the existing banks to get the money for making this subscription? They cannot take it from their own capital without seriously impairing

their reserves, thus reducing their ability to make loans, and at the same time lessening the security to depositors. If they take it from surplus and undivided profits it will come to nearly the same thing. They might assess their shareholders, if they will "stand for it"; and that would probably be the best way, but would not that virtually make the owners of national bank stock as a class the owners of the Federal Reserve Banks? Another way—though a slow process—would be by the national banks suspending dividends long enough to get the required funds to pay their subscriptions; but this would only be a roundabout way of assessing shareholders.

Probably the bill contemplates the employment of none of these devices; but that the funds for subscribing shall be borrowed of the Federal Reserve Banks themselves; that is, the national banks will ship some "commercial paper" to the Central Reserve Bank, and get credit for it on its subscription. This will be a paper transaction purely; but no matter, it is high finance just the same. But when the "commercial paper" matures and is paid—as a matter of fact most of it will be renewed, not paid—the bank that originally owned it will not get the money, which must go to the Federal Reserve Bank; so the subscribing bank will be out that much.

The whole crazy scheme would make JOHN LAW and CASSIE CHADWICK turn green with envy. As a Napoleon of Finance the man who drew this bill was a past master of the game.

There are just two ways in which the Federal Reserve Banks could be properly capitalized. If it is desired to have these banks owned by other banks, the latter should have been required to increase their capital sufficiently to enable them to make the

necessary subscriptions; or subscriptions should have been invited from the public at large.

Unless one of these methods is adopted, the new Federal Reserve Banks, with almost unlimited power to create credits, will virtually be doing business without one dollar of fresh capital being paid in.

Making the Best Use of Money

THE following temperate and exceedingly conservative remarks appeared in a speech delivered in the House of Representatives September 17 by Hon. J. THOMAS HEFLIN of Alabama:

"When the bears of Wall Street were whetting their teeth and making ready to rob and plunder the farmers of the South and West during the coming season what did Mr. WILSON do? He told the Secretary of the Treasury to deposit money in the South and West with which to move the crops. Why? Because the cotton gamblers and grain gamblers were trying to prevent the farmers from receiving fair prices and living profits for their products.

"Mr. Chairman, he proposed to open the channels of legitimate trade, to unfetter commerce and let the law of supply and demand have full and free operation. He is the first President to recognize and respond to the wishes and needs of the great agricultural people of the United States. When the Republican panic came in 1907, Mr. ROOSEVELT, the Republican President, sent millions of dollars to New York upon the beck and call of Wall Street, but the great farming class of our people in the midst of the crop-moving season cried in vain to him.

"The Scripture tells us that the laborer is worthy of his hire. The man who toils is entitled to fair reward. Those who produce the substance that feeds and clothes the world are entitled to fair and generous treatment at the hands of Congress and by the great President of the United States. President WILSON has saved the farmers of the South and West from the most cruel and crop-juggling conspiracy that was ever planned by the cotton and grain gamblers of the United States. The bear conspirators had planned to take advantage of tariff and currency legislation and frighten the country with talk of a panic; and after the President announced his intention to deposit Government money in the South and West to help move the crops the bears tried to turn this good deed into profit to themselves and to the injury of the farmers. They declared that this step meant a big corn crop and a big cotton crop, when the fact is the cotton crop is short and the corn crop in many States has been seriously injured by the drought. The size of the crop had nothing to do with the President's good offices in this matter. Fortunately, Mr. Chairman, for the farmers of the country we have a man in the White House who stands with them and not with those who rob and oppress them.

"In the State of Alabama the cities of Montgomery, Birmingham and Mobile have received a portion of this crop-moving fund from the Government; the other Southern States are sharing in the fund, and for the first time a President of the United States, with the power of his great office, has stood between the great cotton producers of the South and those who have so long robbed and plundered them. For this kind and righteous act President WILSON is entitled to, and he has, the deep gratitude of our people."

We might remind Mr. HEFLIN that while the bears of Wall Street were whetting their teeth to do the dire deeds he so luridly portrays the bulls were putting a fine polish on their horns for the purpose of goring the aforesaid bears to death. But we presume Mr. HEFLIN has no tears to shed over the bulls who put up the price of cotton; only the bears excite his lachrymose glands.

But this is not what we started out to say. We have no doubt Mr. HEFLIN honestly thinks that Mr. WILSON was doing a great thing for the South by dribbling money out to the rural communities. And yet we believe that Mr. ROOSEVELT's action was wiser than that of Mr. WILSON. Not only was it wiser, but it was better by far for the country as a whole. Is this merely a Wall Street view? Let us see.

Is it not a question after all of adequate credit machinery? And are there banks anywhere having such wide credit connections as those of New York? Actually the Treasury in distributing funds was compelled to make use of the country banks, but we venture to say that the New York banks could have taken the same amount of money and multiplied its efficiency many fold. By the judicious employment of this money, the New York banks could have largely increased their loans to Southern banks, thus greatly adding to their credit facilities and releasing a great deal of their currency.

The scattering of money in small sums throughout the country is not the most effective means of providing for an extraordinary demand for credit or for checking a panic. Concentration of money at the chief centers is the speediest and most economical way.

In his recent testimony before the Senate Committee on Banking and Currency, Mr. A. J. FRAME, president of

the Waukesha National Bank, Waukesha, Wisconsin, said:

"Take care of the big centres in trouble, and the country will never be seriously agitated."

Mr. WILSON and Mr. McADOO have been operating on precisely the opposite theory, and while their course may have been effective, it was not economical.

The attempt to relieve a financial strain by sending small sums of money all over the country is a good deal like trying to satisfy a man's hunger by injecting hypodermic doses of food into his toes and fingers instead of allowing him to get the food into his stomach in the natural way.

Boston a Good Meeting Place for Bankers

BOSTON was an especially appropriate place for holding a meeting of the bankers of the country at a time when important banking legislation is pending in Congress.

For a long period prior to the Civil War New England had a system of banking the best ever known anywhere. It was founded on two cardinal principles of banking, namely, the possession on the part of every bank of an adequate capital paid up in coin, and the application of the test of daily coin payments to the notes and other credits. It was because the systems of many other States in the early days neglected these indispensable requisites of sound banking that they contrasted so unfavorably with the system in Boston and throughout New England generally.

The Suffolk system of redeeming bank notes applied the acid test to the circulation every day by requiring the

notes to be redeemed at Boston. This made the notes safe and gave them a high reputation throughout the country.

If we had that system to-day—or what is much the same thing, the foreign department of the Boston Clearing-House Association—applied to all the banks of the United States, with every bank a member of a clearing-house at a convenient centre, and subject to clearing-house inspection, nine-tenths of our banking problem would be solved, for under such a plan—as the New England experience has shown beyond question—the banks might at will as required by their depositors convert deposits into notes, both notes and checks being daily redeemed through the clearings. A safety fund of trifling amount would amply provide for the payment of the notes of any bank that might fail. Under our present highly-developed check-and-deposit system the amount of bank notes that can be circulated at any time will be but a small proportion of a bank's deposit liabilities.

The suggestion above made would afford all the elasticity our banking system requires, would practically render all banks safe through a system of clearing-house examinations, and all this without upsetting our existing system or creating any new form of machinery whatever.

If in addition the Government were authorized to inspect the rules and practices of the clearing-houses, to see that fair play was observed, the rights of small banks and of the public would be fully protected.

American Banks Abroad

PROVISION is made in the pending banking bill for the establishment of branches of American national banks in foreign countries. This policy

was advocated in an address delivered by the editor of this MAGAZINE at the Pan-American Commercial Conference at Washington in February, 1911. But in that address it was pointed out that most of our national banks did not have sufficient capital to enable them to enter the foreign field and to compete with the banks already doing business there. It was suggested as a better plan that an American bank with large capital be specially chartered to establish branches abroad and to have offices in three or four of the principal cities of this country.

The bill now before Congress would permit banks with \$1,000,000 capital to have foreign branches; but the Federal Reserve Board is given some discretion in granting permission to open such branches.

In capital our banks—or at least very few of them—do not compare favorably with most of the large banks engaged in foreign trade. Even the Canadian and Mexican banks generally have capital far in excess of all but a few of our very largest banks. The Canadian chartered banks have branches in the West Indies, in Mexico, and in London. They would be much superior in point of capital equipment to a million-dollar American bank as a competitor for foreign banking. And the comparison between a branch of one of our national banks and the leading banks of most foreign countries would certainly not be to our advantage.

If the capital requirement of banks seeking to establish foreign branches were raised to \$5,000,000 or \$10,000,000, the objections urged above would be lessened, but even then there would be a marked inferiority between the capitalization of our foreign banks and the majority of those with which they would compete.

We reiterate the opinion expressed

at Washington in 1911, that if we are to go into the foreign banking field we should go, not in our weakness but in our might; and that the best means of extending our banking relations abroad would be by the organization of a bank with very large capital and

specially equipped for the duties it would undertake.

The pending bill is right in seeking to provide for the extension of American banking into foreign countries, but the method devised for carrying out this aim is very imperfect.

Will the National Banks Become State Institutions?

THIS question is one of no small importance to the bankers of the country. Discussing the new currency bill at the recent convention of the Illinois Bankers Association, David R. Forgan, president of the National City Bank, Chicago, said:

"There are forty-four State and only thirteen national banks in the Chicago Clearing-House to-day, and by far the greater part of the commercial banking of the country is done by State Banks. Why? Simply because State charters are freer and more liberal than national charters. There are only two advantages enjoyed by national banks

as compared to State banks—the holding of country banks' reserves, and the issuance of currency. Both of these privileges are to be withdrawn by the new currency bill, and handed over to the new Federal Reserve Banks. National banks will then be left with nothing but their commercial accounts, and they cannot compete in that line alone with the freer and more liberal State charters. They will, therefore, be forced to become State banks, and the national bank system will be reduced to trifling proportions, if not entirely destroyed."

Course in Impractical Banking

INSTRUCTION in this line is being given in "Bank Notes" by Mr. Makem Laff, from whose valuable advice we quote:

Q.—Please advise a cashier, about to start on his vacation, what is the most famous watering place?

A.—Wall Street.

Q.—Is too much advertising apt to ruin a bank?

A.—Yes, if done by its competitors.

Q.—My hobby is coin collecting. How much is a guinea worth in this country?

A.—A dollar and a half a day.

Q.—Mr. Makem Laff, I protest against your views on finance. I don't

believe you even know how many make a million.

A.—Yes, I do—very few.

Q.—In these days, is it possible for a banker to find sympathy *anywhere*?

A.—Yes, in a dictionary.

Q.—What does "C. O. D." signify on a shipment to a bank?

A.—It may mean a species of fish inside.

Q.—I am a cashier. Have been living rather fast. Have frequent chills even in hot weather and cannot sleep at night. What is wrong?

A.—The examiner must be coming.

Q.—How would you define a panic?

A.—Indigestion in Wall Street.

A Southern Banker's Views on the Currency

AT the request of the editor of THE BANKERS MAGAZINE, Mr. W. A. Clark, president of the Carolina National Bank, Columbia, South Carolina, has given an expression of his views on our banking and currency problem. He says:

"Ever since the discussion of certain amendments to the National Banking Law at the convention of the American Bankers' Association held at Baltimore in 1894, I have advocated the theory that ours should be made banks of issue, as now, under the control and supervision of the Government. I have never, therefore, been able to advocate the plan proposed by the Monetary Commission; and I am equally opposed to the plan now pending before Congress.

"As a general proposition, I regard the theory of rediscounting commercial paper of our several banks as opposed to the banks themselves issuing bills based upon their credit, as unbusiness-like, unscientific, expensive and wholly inadequate to meet the demands of trade.

"A currency based upon commercial paper running to maturity at no distant day, is in its very nature, elastic; for at maturity the paper furnishes the means with which to redeem the bill and the tax imposed stimulates a prompt redemption. The bill is, therefore, kept in circulation only so long as the demands of trade make it profitable.

"Following close upon the provisions found in the National Banking Act for the issue of currency, we find the following under section seventy-nine, viz.: 'No national banking association shall issue post notes or any other notes to circulate as money than such as are authorized by the provision of this title.' Suppose now this provision and those providing for the bond-secured currency be repealed. The act is then

left open for such amendments as will admit of a currency system responsive to the demands of trade. To this end I would suggest the following brief outline of some of the amendments necessary, viz.:

"1. That any national bank with a capital of not less than \$100,000.00 and a surplus of not less than twenty per cent. of its capital, which has been in operation for not less than a year, be permitted, with the approval of the Comptroller of the Currency, to issue bills in an amount not exceeding its capital stock.

"The bill should be of like character and description as the bond secured currency, excepting the clause which reads: 'Secured by United States bonds or other securities.'

"2. Upon the average monthly circulation outstanding a tax of two per cent. should be imposed—one-half of which should go to the Government as revenue, and the other half, after paying the expenses incident to the issue of the circulation, should be set apart to create a 'redemption fund' for the prompt redemption of bills of any banks which may be put in liquidation. This fund should be invested in Government securities and the interest accruing annually to be added to the fund. At no very distant date, the fund would be so large that the interest will in all probability suffice to redeem the bills of failed banks. Statistics show that a small fraction of one per cent. laid upon circulation as a tax would have sufficed to pay and redeem the bills of failed banks during the past half century. With propriety, therefore, provision should be made to stay the tax in whole or in part, whenever the redemption fund has reached a certain percentage of outstanding circulation.

"3. Against the bills so issued the banks should be required to carry a

reserve of twenty-five per cent. (or some other approximate amount) in gold, five per cent. of which should be placed with the Government as now; and the rest carried in the vaults of the banks.

"4. Bills so issued should be made a first lien upon the assets of the bank, and whenever any portion of the redemption fund has been used in redeeming bills of failed banks, to that extent the redemption fund should be recouped from the assets of the bank first collected so as to keep this fund intact.

"5. The bills thus issued will have as security: (a) A gold reserve of twenty-five per cent; (b) A redemption fund in the hands of the Government; (c) A first lien upon the assets of the bank. It would seem that a bill thus secured should pass current at 100 cents on the dollar. Why should we ask for more?

"I fail to see why a bank debt as represented by a bill is more sacred than a bank debt represented by deposit. They are simply different forms of indebtedness and I regard one as sacred as the other; but for the purposes of trade and commerce, I suppose it is necessary that the business world should understand that the bill is safe beyond peradventure. In the frequent discussions which have appeared upon the currency question, these liabilities are treated one as a 'book liability,' the other as a 'bill liability.' But both as liabilities and nothing more. Each resting upon the credit of the banks and each responding and equally necessary to the demands of trade.

"Any well managed bank is good for the payment of its deposits in the regular course of trade. If this be so, and I am willing to admit it, then why not good for the bill in the current course of redemption which is made a first lien on the assets? With the further security afforded by the redemption fund, I fail to see why any one would question it. Nor would such a provision put the depositors to any

greater disadvantage than now, for at present the bill is secured by certain assets of the bank set aside for the purpose.

"6. These bills should be prepared under Government supervision as now; and each bank under rules and regulations prescribed by the Government should be required to make monthly statements to the Comptroller of the Currency of the amount of the bills put in circulation during the month, and the amount retired, so as to show at all times the average volume of bills in circulation.

"7. Provision should be made to reduce our numerous forms of circulating medium. To that end: (a) Gold and silver certificates should be retired and the coin put in circulation; (b) The bond secured currency should be gradually retired; (c) Legal tenders or greenbacks, also gradually retired with the revenue derived by the Government from the tax on circulation.

"Thus we would have gold, silver and bank bills as our only circulating medium. The former as our standard of values and to be used in large transactions. The two latter to meet the ordinary demands of trade.

"I claim nothing of originality for these suggestions. A similar system is now in operation in Canada, and in ante-bellum days had been in operation in many of the States of the Union. I was in those days too young to be at all familiar with the operation in this State, but during my banking career I have made a study of it. So far as I know, no bank in this State had suffered failure up to the time of the war and the system worked to the complete satisfaction of all parties.

"In the discussion of this question I have often used the system then in operation as a practical illustration of the efficient and convenient mode of exchanging individual credit for bank credit, or the bank giving its note payable on demand in exchange for the merchant's or planter's note payable at a future date. Allow me to use an illustration here:

"Agriculture was the principal industry of this State, and as a rule all large transactions were based upon a credit payable in the fall when the crops were harvested. During the months of January and February, the Kentucky drover would come with his horses, mules and hogs, having crossed the mountains; and when he reached the counties in the northwestern portion of our State, would begin selling to the planters. In exchange for his horses, mules and hogs, he would accept the planters' notes payable in the fall. On reaching Columbia he would have sold out and in lieu of his droves, would have in his pocket planters' notes payable at a future date. These he would offer to the banks in Columbia for discount and they would be purchased by the banks, giving in exchange their bills. There would, therefore, be an exchange—the banks taking the planters' notes payable at a future date and giving in exchange therefor their bills payable on demand. These bills would be taken by the drover to his Kentucky home and there put in circulation. In due time and in the ordinary course of business they would be returned and redeemed. The banks in those days were permitted to issue bills three to one of their capital and so their business proved very profitable. As already stated, no banks in this State, up to the time of the war, ever defaulted in the redemption of their notes.

"This same principle may also be very aptly illustrated by the experience of the New England banks in antebellum days and also of banks of several other States in the Union. I am confident that a currency issued by the national banks under Government supervision, backed by a gold reserve in the vaults of the bank, a redemption fund in the hands of the Government, and a first lien upon the assets of the bank, would not only be sound, but the principle itself is scientific, economical and businesslike.

"Some other amendments to the National Banking Act would be necessary to make our system complete.

"For instance, I think authority to issue bills of the denominations of ones and twos should be restored; national banks with a capital of one million dollars and upwards should be permitted to establish branch banks; the large banks of our port cities should be permitted to establish banks in foreign countries; banks should be permitted to accept drafts in settlement of commercial transactions. All of these provisions, I think, could readily be engrafted upon our present National Banking Law, without marring the system; and, in my judgment, making it efficient for all commercial purposes.

"I have never endeavored to formulate any complete system of amendments in order to adjust the present national bank system to our present needs. My study has been confined principally to the currency feature. I am, however, satisfied that the present system, by necessary amendments, can be much better adapted to our wants than to undertake to inaugurate and force upon the country any new and untried system.

"In the bill now pending before Congress I see very many objections, and only regret that I cannot endorse the present Administration in this measure, for with the President and with many of his cabinet, my relations are most pleasant. In fact, I have the utmost confidence in the President and his advisers and from a political standpoint am in sympathy with the measures they advocate excepting the one now under consideration.

"One other matter in conclusion: I observe that all of the advocates of a central bank, or a system of reserve banks, insist upon the importance of it as a measure to 'mobilize our reserves'; or, as expressed by others, to 'protect our gold from the demand coming from abroad.' I have never been able to see the force of this argument and really desire to be enlightened upon the subject. My view is that gold goes out of the country only to pay the debts due abroad, and that so long as we are debtor to foreign countries, it must go in liquidation of such debts. To pro-

tect us against simply the demand coming from foreign countries for gold as a commodity, I believe that the great banks of our commercial centres will be fully equipped and quite able.

"But one other matter remains to be considered—whether this system will protect us against panics. I believe it would, but if it were deemed necessary to provide any further safeguard, I believe it should be done by legalizing our clearing-houses. In the great panics with which I am familiar (1893 and 1907), our clearing-houses without law and even contrary to law, afforded the necessary relief. You are quite familiar with what was done in New York and other commercial centres; I need only refer to what was done in this city. The problem was upon us to move the great cotton crop. We could draw against shipments, bill of lading attached, and get a credit with our correspondent banks in New York, or other port cities, but we could not get currency. It had been hoarded. To solve the difficulty, the officers of the banks of this city met *and in one hour solved the problem which Congress has been wrangling over for twenty years without solution.* They put in the hands of trustees certain of their receivables and issued against them clearing-house certificates. Each bank

took out a like percentage of its capital. These certificates were paid out over their counters and in the several communities passed as current as national bank bills. The farmer received them in payment for his cotton and with them paid his debts to the banks, merchants, fertilizer companies—and so the problem was solved. This was done in almost every city in the South, and I have yet to learn of a single dollar lost in the transaction.

"Now, if it should be deemed necessary to afford a safeguard other than that furnished by a proper currency system, let the clearing-houses be legalized and authorized in times of panic, and upon the credit of the banks, to issue such certificates to be paid over their counters. Of course, a proper tax upon such certificates would prevent redundancy."

We are reluctant to add a single word to the above, which is one of the soundest and clearest presentations of our banking and currency problems—coupled with a sure, safe and sensible solution of them—that we have read in twenty years of daily study of the matter. We have italicized part of one sentence to show how Congress could promptly solve the question by doing as the Columbia bankers did—that is, by setting the credit of the banks free.

Wooden-Legged Finance

GOOD doctrine in clear and plain style is set forth in "Talks on Currency" by Paul Winthrop Brown of the St. Louis "Republic." He thus calls attention to the importance of a necessary element in a country's currency to supplement its strength:

Praising our bank-note currency for its soundness alone ignores the other essential requisites of a good currency system. It is like praising a wooden leg simply because it is strong and always capable of holding the wearer up. This is important, but a leg

should be not only strong but flexible. A being in a world where all legs were of wood would, of course, not know this; any leg that was strong would be a good one. So American praise of the American currency system simply because the currency is sound is to be explained only by the circumstance that we have never lived under a really good currency system and do not know any better. As a matter of fact, our stiff, bond-secured currency is the crudest invention in the history of wooden-legged finance.

Counting the Cost of the New Currency Bill

JUST how will the new currency bill, if it becomes a law, figure out in actual operation is what is interesting the bankers of the country. Here is an effort to answer this question by A. J. Frame, president of the Waukesha (Wis.) National Bank:

In addition to paying ten per cent. of the capital of each bank into a Federal Reserve Bank, the bill provides that four and one-half per cent. of central reserve city banks; nine per cent. from general reserve city banks, and seven per cent. from country banks of the deposits of each bank be also deposited in such a bank. And "shall not be diminished."

I fear, as to results, the committee which drafted the bill has not counted the cost.

EFFECT ON A SINGLE BANK.

The bank of which I am president would be obliged to pay into the Federal Reserve Bank as follows:

Ten per cent. of \$150,000 capital is \$15,000; ten per cent. more, of course, is subject to call; seven per cent. of our deposits, \$2,100,000, excluding savings, is \$147,000; total required by the Federal reserve bank \$162,000. This exceeds our total capital of \$150,000. We probably would be willing to part with the \$15,000 for capital and also one per cent. of our deposits, \$21,000, a total of \$36,000, which, with like contributions of other banks, would seem to mobilize an ample quantity of cash to fulfill the true mission of a reserve bank, to wit, to prevent suspension in the day of trouble by being able to loan freely to solvent banks in any troubled section.

But to be forced into parting with \$147,000—practically our total capital of \$150,000—which is not subject to call, and without interest, seems beyond reason.

Except in panic periods we never

rediscount—I will say as to that, that I have inquired in Milwaukee of one of the great banks there, having 400 country-bank accounts and with the close money market last fall, only sixty banks out of 400 asked for very moderate quantities of rediscount in Wisconsin.

Our reserve agency balances in Milwaukee, Chicago and New York simply cover our reasonable normal requirements for daily remittances and selling exchange to our customers. Practically every dollar of these balances is turned over, on an average every ten days. These balances are not superfluous. What is true of this bank is approximately true of all others. Material withdrawals from such balances would precipitate trouble.

WISCONSIN STATE AND NATIONAL BANKS.

If all the national and State banks of Wisconsin went into the new Federal Reserve Bank system, it would work out something like this: This bill would require ten per cent. of the total capitals of \$3,800,000. They would be subject to call for \$3,800,000 more, seven per cent. from country and nine per cent. from Milwaukee reserve city banks, barring savings deposits, \$21,000,000; total, \$24,800,000.

All banks in Wisconsin now hold in total cash five and three-quarters per cent. of deposits, \$21,000,000.

The new law compels banks to hold at least five per cent., and the three-quarters of one per cent. extra would be necessary to cover daily fluctuations of cash. Therefore, to comply with this new law, other income-producing funds, all of which will come out of Wisconsin, or securities, must be parted with to the extent of, say, \$25,000,000, all of which would go out of Wisconsin into a Federal reserve bank at Chicago. Is that fair to the farmers,

the merchants and manufacturers of Wisconsin? To rediscount at the Federal reserve bank at Chicago, banks must simply part with their choicest securities, losing interest thereon, for the doubtful privilege of borrowing back their own funds which they deposited there.

ALL THE NATIONAL BANKS OF THE UNITED STATES.

But let us broaden into all United States national banks. Ten per cent. of \$1,050,000,000 approximate capital calls for \$105,000,000. They are subject to calls for \$105,000,000 more. Four and one-half per cent. from central reserve city banks' aggregate deposits, say, \$2,000,000,000 is \$90,000,000. Nine per cent. from general reserve city banks' deposits of \$2,250,000,000 is \$202,500,000. Seven per cent. from country banks' deposits of \$3,750,000,000, aggregate, is \$262,500,000. Total called from the three different kinds of banks, \$660,000,000.

I allow off from this, for deductions as against requirements on savings-banks deposits, say, \$60,000,000, leaving a net call on all the banks of \$600,000,000 from national banks alone, not counting United States deposits, nor from a single State bank in the country.

To loan two-thirds of this \$600,000,000 which the bill permits in normal times even, is simply competing for choice loans which all banks are now clamoring for, and with the very banks that furnish the funds without interest therefor. When so loaned the reserve is gone. Such colossal demands are not paralleled in the world's history of banking.

To take away from the national banks alone more than one-half of their total capital seems beyond the pale of reason. With over 25,000 independent banks in the United States, we now have the most democratic banking system in the world. The national banking system has proved the safest for the depositors the world ever knew. The State systems, under improved laws in most States, in the past fifteen

years have made wonderful strides upward.

COMBINATION OF ALL BANKS.

Ten per cent. of, say, 2,000 million dollars capital is.....	\$200,000,000
Average of seven per cent. on, say, 19,400 million dollars deposits is	1,358,000,000
Total to pay into Federal Reserve Banks	\$1,558,000,000
Total now held by all banks in cash	1,570,000,000

Leaving practically no cash on hand.

This total cash on hand includes subsidiary coins, national bank notes, etc., covering more than \$150,000,000, not legal reserves.

If all banks accepted the provisions of this bill, what would be the result as to cash reserves required?

The Federal Reserve Banks would absorb	\$1,558,000,000
The three central reserve city banks would be required to hold 13½ per cent. on, say, \$3,500,000,000 individual deposits	472,000,000
The other reserve city banks nine per cent. on, say, \$3,500,000,000 individual deposits..	315,000,000
Country banks, seven per cent. on, say, \$10,000,000,000 individual deposits	700,000,000

Total required under the bill. \$3,045,000,000

This is figuring on individual deposits alone of \$17,000,000,000, and not counting reserves required on deposits of banks with banks. All banks now hold in cash reserves the sum of \$1,570,000,000, including subsidiary coins, national bank notes, etc., thus leaving a deficiency of \$1,475,000,000 to cover full requirements under this bill. This deficiency must be paid to the Federal Reserve Banks in cash, or the banks generally must part with \$1,475,000,000 of their choice, interest-bearing securities to liquidate the call.

RESERVE REQUIREMENTS DISCRIMINATE AGAINST COUNTRY BANKS.

I now refer to national bank reserves, approximately, at the end of three years, as required. I wish you to note

what appears to me to be an unjust discrimination toward country national banks. First, the three central reserve city banks must contribute ten per cent. of capitals on, say, \$180,000,000, which is \$18,000,000, subject to assessment of \$18,000,000 more four and one-half per cent. of aggregate deposits—say, \$2,000,000,000, which would be \$90,000,000, making the total required of three central reserve city banks \$108,000,000.

As these banks are now required to hold in cash twenty-five per cent. of deposits, and the new bill reduces it to eighteen per cent., that releases in cash seven per cent. of deposits from the central reserve city banks, or \$140,000,000. This costs them not \$1 and leaves \$32,000,000 toward liquidating any reduction of other reserve bank deposits, the burden of which is problematical.

The fact is that it really relieves them about \$50,000,000 because the \$18,000,000 that they contribute to capital they get dividends on. It is a mere transfer of their funds of \$18,000,000 of ordinary loans for which they would receive five per cent. dividends on stock in the Federal reserve banks. It would be a fair exchange. Transferred in that way into capital stock, it would pay them about the same, except that it takes \$18,000,000 out of their funds, which they ordinarily might use in other lines. That, however, is a small matter.

Second. The general reserve city banks must contribute ten per cent. of capitals on, say, \$270,000,000, which is \$27,000,000; subject to assessment of \$27,000,000 more; nine per cent. of aggregate deposits, say, \$2,250,000,000,

which is \$202,500,000; making a total required \$229,500,000.

The present law requires twelve and one-half per cent. cash reserves. The new bill requires nine per cent. That releases in cash three and one-half per cent. of deposits, or \$78,750,000. This takes from them over \$150,000,000, in addition to the country bank deposits they will lose, from those joining the Federal reserve bank. This burden is a serious one and probably will precipitate trouble.

Third. The country banks must contribute ten per cent. of capitals on, say, \$600,000,000, which is \$60,000,000; subject to assessment of \$60,000,000 more; seven per cent. of aggregate deposits, say, \$3,750,000,000, which is \$262,500,000. This makes the total from country banks \$322,500,000. Cash reserve now required is six per cent.; in the new bill five per cent. This releases one per cent. of deposits, or \$37,500,000. This means the country banks must contribute, net, \$285,000,000 from their assets, in addition to \$37,500,000 cash, for the use of the Federal reserve bank. The balance of cash on hand is required under the new bill for reserves. The only deduction I can see is to cover savings bank deposits of, say, one-tenth of the total.

Now, can any statesman justify such calls, especially from the country and general reserve city banks? This transfers immense sums to the great cities and impoverishes the country banks' loaning powers. Is it constitutional to arbitrarily take such colossal sums from the banks? Stock subscriptions and deposits in European central banks, I believe, are entirely voluntary. Why not do likewise here?

New Treasury Officials

ON October 1st Byron R. Newton of New York took the oath of office as an Assistant Secretary of the Treasury, succeeding Sherman Allen of Vermont. Gabe E. Parker, a Choctaw Indian, of Oklahoma, was also sworn

in as Register of the Treasury, succeeding J. C. Napier of Tennessee. Mr. Parker is the first Indian to hold the office, which for several years was filled by a negro.

Points Against the New Currency Bill

By N. JOHANNSEN.

1. The currency bill now pending contains a demand impossible to comply with—a fact which seems to have escaped the attention of reviewers so far. It demands that our national banks shall pay over to the new Federal banks about 461 millions in cash, whereas they have only 188 millions to give and no possibility of procuring the shortage of 328 millions. The figures, which I invite experts to examine, are as follows:

On June 4 the national banks held deposits amounting to 7,124 millions, subject to the "reserve requirements." The legal "reserve required" on this sum came to 1,420 millions, which, however, was not all kept in cash, a part thereof, amounting to 548 millions, consisting of "deposits with reserve banks," and only the balance of 877 millions being kept in actual cash, including the "redemption fund" of thirty-five millions at Washington. Outside of this they had seventy-two millions cash on hand which, however, they need for working capital, to transact their daily business with, and which could not be spared.

According to the new bill the above "reserve required" will be reduced from 1,420 to 1,065 millions, the rate for country banks being reduced from fifteen per cent. to twelve per cent. of their deposits, and for city banks from twenty-five to eighteen per cent. This may seem to set free part of the cash funds now tied up as reserves, namely, the difference of 355 millions, which might be used towards paying the above-stated amount of 461 millions to the new Federal banks; but there is where the mistake comes in. The new reserve of 1,065 millions must be kept all in cash (either in the banks' own vaults or in the vaults of the Federal banks), whereas at present a part of the reserves, viz., 548 millions, consists of "deposits with reserve banks"—this

amount being counted twice as a reserve, once for the city banks, once for the country banks—a practice which is not allowed under the new bill. So the banks have to supply 1,065 millions in actual cash, but have only 877 on hand, which latter amount must still be reduced owing to the new bill's provision that the redemption fund at Washington must not be counted as cash any more, though really consisting of cash and so far counted as cash. This will diminish the actual available cash reserve from 877 to 842 millions, and if the banks have to bring up their reserve to 1,065 millions cash, they will be 223 millions short. Under the new bill they are required to hold a cash reserve of 709 millions in their own vaults, and of 356 millions (i. e., five per cent. of their deposits) in the vaults of the Federal banks. They have only 842 millions cash available for that purpose out of which, after deducting the above 709, only 133 are left available to be turned over to the Federal banks, instead of 356 as needed, leaving a shortage of 223 millions.

Furthermore, the new law requires them to pay ten per cent. of their own *capital* over to Federal banks. This would call for another 105 millions, which they could pay just as little as the above, increasing the shortage from 223 to 328 millions. Mind, this does not mean 328 millions of mere capital, which the banks might arrange for by means of their credit facilities, but 328 millions of actual cash, of *gold*. Can the banks draw this amount out of the country's enormous money supply? This money supply is all absorbed, partly in the circulation, partly as reserve in the financial institutions, and any surplus would appear as surplus in the deposit banks—but these show very little of a surplus. If a rich man would want to withdraw only fifty mil-

lions in actual cash from the New York market he would create a disturbance, for all clearing-house banks of New York had no more than ten millions of surplus on hand, on September 20—showing the absurdity of the currency bill in commanding the national banks to turn enormous amounts of cash over to the Federal banks, before investigating whether there is money enough in the country to do so—and betraying gross carelessness on the part of the experts who framed the bill.

But hold on! The framers of the bill evidently had an inkling there might be some trouble about getting the necessary funds, for they give a beautiful recipe for procuring these in case of need: "It is, of course, always open to the banks to establish their required reserve credit with the new Federal banks by rediscounting paper with them." Now if the member banks are short by 328 millions and, instead of gold, turn commercial paper over to the Federal banks, what will the latter do with these 328 millions of commercial paper? Will they use the paper as reserve, on the strength of which to issue Federal notes—where the law requires *gold* to be kept as the proper reserve for Federal notes? Or will they, as the commercial paper gradually matures and is paid for in bank notes, will they have these bank notes redeemed in gold, and thus obtain the gold foundation for their system? Then, where should the *national banks* take those 328 millions in gold from, in order to redeem those notes—where they have sent, right from the start, all the gold to the Federals which they could spare? No matter how the above recipe be viewed, it is preposterous. If the member banks send any of their legal reserve to the Federals, and if pyramiding is to be avoided, then the Federals must keep that reserve in the shape of gold, not of commercial paper.

The framers of the bill assume the Federal system to start business with a further gold supply of 300 millions or more to come from *other* sources. The

only visible item they could rely upon would be the 135 millions of free money belonging to the Government—all the rest would presumably have to come, in some way or other, either out of the circulation, or from the banks, and at neither source could 400 millions of gold be spared. Even that amount of 135 millions is not reliable—at times the Government has had to reduce this working balance quite considerably.

2. The new currency bill provides for two cash reserves, the one to be kept by the Federal banks on their circulation, the other to be kept by the national banks on their customers' deposits. At present only one reserve is needed to cover both, and this single reserve has proved amply sufficient to protect the bank notes and to maintain their parity with gold, even at the severe tests of the panic years 1873, 1893 and 1907. The extra reserve on circulation, provided for in the new bill, would lock up and absorb a part of the country's money supply, this without any real necessity for doing so. At that, there will be more tangible security behind the old notes than behind the new. Our present bank notes are backed up to 100 per cent. by United States bonds, and to another 100 per cent. by the commercial paper bought by the bank against the issue of the notes; i. e., 200 per cent. in all. The Federal notes would be backed up to 100 per cent. by commercial paper, and, in addition, by the cash reserve, whatever that may be, varying from thirty-four per cent. to, say, seventy-five per cent., and averaging, perhaps, fifty per cent.; or 150 per cent. in all. In other words, though the new notes would pirate upon the country's money supply by absorbing extra cash reserves, they would have less of tangible securities behind them than our present bank notes.

3. Whatever business the Federal banks will do, they will wrench it from the national banks, somewhat on the principle of pirating. First, the issue of paper money; with this difference, however, that they will charge and earn

about three per cent. interest on their note issues, while at present the national banks hardly earn more than one per cent. per annum (not five or six per cent., as many presume) on their note circulation. Second, all their capital is to be made up from forced contributions extorted from the national banks. Third, the deposits which they are to get will largely be extorted from the same source, namely from the legal reserves of the national banks. Fourth, the two per cent. interest which the national banks now derive from their "deposits in other banks" will be stopped, not being allowed on the deposits with the Federal bank. Fifth, if to-day a bank discounts a note for a customer, it wants to earn the discount for itself; but under the new bill it will be forced to share the discount, to some extent, with the Federal banks, in order to obtain the cash supply which it needs.

The State banks will not be harmed by the new bill, only the national banks. These will have to supply the Federal banks with the necessary funds, and put them in trim, in order to have their own business pirated upon.

4. Though the pending currency

bill turns out to be an impossibility, we need *some* measure to render our money volume elastic. *A slight change will do that.* I suggest that we leave our national currency precisely as we find it now—it is a masterpiece of ingenious financing—giving us a bank note better secured than any in the world, at that practically requiring no cash reserve at all, and, in addition, having enabled our government to borrow money at a lower rate than any other government can all these many years. The only defect of our currency is its rigidity; but to make it elastic, in a very simple manner, I refer to the measure proposed by Hon. S. F. Prouty and President A. J. Frame of the Waukesha National Bank. True, these measures only provide for panics, whereas the proper currency should be available also to meet the recurring demands of the crop season, a point which both these gentlemen admitted to me. Providing for this requirement, and adjusting certain details to secure smooth and easy working, we could solve our currency problem in a much simpler way than by the "impossible" Federal bank plan.

Objections to the New Currency Bill

(1.) It deprives the national banks of the country of the right to issue notes.

(2.) It puts out a new issue of so-called Treasury notes which will certainly be used as reserves by State banks and trust companies.

(3.) It takes away from existing banks a large part of their capital and deposits without giving them any adequate return therefor.

(4.) It assumes that the Government can regulate the credit demands of the country better than the banks

can—the greatest fallacy ever heard of.

(5.) It is the most stupendous consolidation of banking credit ever attempted, and likely to become a source of grave danger to the country.

(6.) The bill is being forced through Congress under political pressure, and any banking legislation so enacted is liable to be quickly upset by the people.

(7.) It takes a long step from Government bank supervision toward Government bank management.

Will Currency Reform Aid Agriculture?

BY DUNCAN FRANCIS YOUNG.

AGRICULTURE has ever been considered the backbone of a country, and special efforts have from time to time been made to properly and systematically finance its workings. Like everything else, its success has always depended upon the industry, ability and acumen of the manager himself. Some men could sink fortunes on a farm as thoroughly as others do in other lines of business.

DIFFERENT KINDS OF FARMING.

For a comprehensive study of the agricultural question, together with its relation to the masses of people everywhere and the necessity of proper banking facilities for the agriculturist, it must be taken into consideration that agriculture is divided into three distinct fields—the planter, the small farmer and the truck-grower. The planter is he who cultivates sixty or more acres of land and depends upon hired labor or tenants to perform his work. His land lies well, he has all necessary stock and improved implements, and derives his revenues from small profits on a large output. The small farmer cultivates just as much land as he and his immediate family can handle. It is not always convenient to secure hired labor on a small farm, because there is so little of such work to be done, and the idle laborer scarcely thinks to go there in search of work. As ten acres of land is as much as one person can properly cultivate, the average small farm rarely ever has more than twenty or thirty acres in cultivation. The truck-grower, who may produce cabbage, beans, onions, strawberries, lettuce or other truck, conducts a farm of from one acre to sixty acres, owing to the amount of capital he has with which to conduct his business. Trucking is the most expensive department of agriculture, the most profitable and at the

same time the most hazardous. Take strawberries, for instance. To plant, cultivate, gather and ship the fruit off an acre planted to strawberries will cost approximately \$150.00. The yield is from 150 to 200 crates to the acre. Owing to season, market and shipping conditions, the price of this fruit fluctuates between nothing and \$2.50 a crate. A truck farmer does not consider his season a success unless he has netted \$100 an acre on his truck, and yet, when season, market, labor and transportation facilities are not the best, he sometimes falls short of meeting expenses.

THE HAZARD IN LENDING MONEY TO FARMERS.

The banker who lends money to either one of the three classes of farmers mentioned has a serious problem confronting him. He is lending money, the owner of which may call for it at any moment. The truck-grower, who at times reaps a net revenue of \$200 to \$250 per acre, is receiving a profit equal to an income on land worth \$200 an acre. That same land planted to corn would possibly yield him \$20 an acre. Should the truck-grower give up in disgust and someone else take the land and plant it to corn, the land would automatically fall in value from \$200 to \$20 an acre. The banker is unable to anticipate when such a condition might result from a series of bad truck years. I know of my own experience of a man proffering land as security on the basis of \$100 an acre that he had paid for it, the land having sold within my recollection at \$3.50 an acre. The only difference in the land was the transposition of planting corn to growing strawberries thereon. In this instance the banker had to govern himself in accordance with local conditions.

The truck-grower liquidates his loan

in the spring, the planter and small farmer in the fall and winter. Loans to all of them are more or less hazardous, and the banker must always have in mind the possible demands of his depositors. Boll weevils, army worms, cut worms, potato bugs, drouths, wet weather, transportation, market—all have a bearing on the farmer's ability to liquidate, and the banker must be careful to lend to such an extent only as to be able to lend an additional sum, when the borrower falls short, without sufficient inducement being offered thereby for the farmer to leave the banker with a farm on his hands.

Many years ago one of the present banks of New Orleans was organized for the express purpose of carrying agricultural loans. For many years it flourished. Then, as such things will, conditions changed and the bank had to get assistance, which was given through special legal enactment. Only a few years ago the remaining land that had fallen into the hands of that bank was sold, thereby liquidating dead assets that had been held for a generation or longer.

The experience of this bank was sufficient for the lawmakers of Louisiana to prohibit banks from owning land for other than banking purposes, except that secured in the settlement of debt. Its course was sufficient to create such a hatred for banks in interior sections that until twenty years ago but few banks existed outside of the large cities of the South. For a long time farmers were afraid to mortgage property to a bank and banks were chary about lending on mortgaged security, and as a result few banks exist under the stigma of having taken farmers' homes for debt.

A bank located in a certain Louisiana town made considerable loans on farm security. A number of mishaps, superinduced by traffic interruption due to wash-outs, and the invasion of boll weevils, followed, and the farmers were unable to pay interest, much less liquidate obligations to the bank. Past-due paper accumulated on the bank's books, and as a result the institution

was compelled to pass dividends of any size for several years. This created a disturbance in bank stockholders' income. Bank stock fell in value on the market twenty-five dollars a share. This created a disturbed condition in all lines of business, remaining so until a readjustment several years later.

EXPERT KNOWLEDGE ESSENTIAL IN HANDLING FARM LOANS.

It is thus seen that the matter of farm loans is a subject that should be handled by a credit man experienced in this particular line. He should be land expert enough to judge the soil and business man enough to value the applicant's ability, energy and willingness to pay. Land worth ten dollars an acre on one farm might be valueless for agricultural purposes on the adjoining place, and a man who has been a success on a small farm might be a rank failure as a truck-grower.

The rate of interest and the extent of loans go a long way toward making or breaking a borrower—and, maybe, a lender. A high rate of interest will impoverish the borrower and a low rate is liable to involve him in speculation. In any event, the borrower is liable to tire of the burden of paying interest, which would give him cause to leave the lender with the bag to hold, together with the stigma of having squeezed a borrower.

With regard to overlending, I have two instances in mind. In the first instance, a man who had just purchased a farm in Pike county, Mississippi, for three hundred dollars, went to a bank for a loan of six hundred dollars, offering as security this farm and the proposed crop. The banker knew nothing of the value of the farm and asked for information concerning it from a fellow townsman. The man giving the information was not familiar with the farm in question, but ventured the opinion that any farm in that locality was worth one thousand dollars. On the strength of this opinion the banker lent the applicant six hundred dollars, taking a deed on the farm and crop. When the note fell due the bor-

rower was notified. Receiving no reply, the banker made an investigation. He soon found out that the borrower had gone on the farm just long enough to raise the loan, then left the neighborhood without ever having planted a seed.

The other instance is of a condition prevailing in Tangipahoa parish, Louisiana, at the time when banking was first inaugurated in that section. Farmers were in the habit of obtaining a line of credit from a local merchant and giving a mortgage on their property as security. The practice was for the farmer to come in in February or March and give a mortgage to the local merchant for, say, three hundred dollars. The note representing this sum was made payable on the first of October, and included a full year's interest at eight per cent. The proceeds of the note were placed to the credit of the borrower and he was permitted to purchase to the extent of the credit at credit prices; that is, for from twenty-five per cent. to fifty per cent. more than the prices for which goods were sold for cash.

As an illustration of how the credit system worked, a truck-grower once came into the first bank established in the Louisiana town already referred to and borrowed some money for ninety days. Within the time limit he liquidated with the bank, and while thanking the banker for his accommodation, remarked:

"You charged me a high rate of interest on that loan, but I made some profit on that money as well as you did. It was this way: My merchant told me the price of fertilizer was \$27.50 a ton, payable in ninety days, but \$24 a ton cash. I borrowed the money to pay cash for the fertilizer at that merchant's store. When I got the money I decided to try elsewhere to get it cheaper. When I finally made the purchase I paid \$17.50 for my fertilizer. I do not know whether the merchant who sold it to me lost money on it or not, but the experience has taught me to borrow money if I can and pay cash for what I buy."

That is the key to the whole situation—borrow money and pay a fixed rate of interest on it rather than buy on credit. You then know ahead of time what your liabilities are to be. Under the old credit system the farmers did not know whether they would be in debt or not until their merchants sold their crops for them and made a settlement with them. Some of them were never out of debt from one year's end to the other, and many of them found their indebtedness increasing by the added cost of interest upon past-due obligations.

But a few years after banks were established in the parish of Tangipahoa many industrious farmers followed, the example of the truck farmer whose case was set out above. From following this example many borrowers were enabled to liquidate their indebtedness and became depositors. Indeed, within ten years many men who had long been ground-down farmers had become bank stockholders.

IMPORTANCE OF AGRICULTURE.

Agriculture is indeed an essential feature of our existence. Its followers should merit the encouragement of every human being. From it emanates our sustenance and our vigorous manhood and womanhood. It is one avocation that cannot be overcrowded. According to those engaged in it is our cost of living high or low.

The farm to-day is being too generally neglected. The farmer is being too little considered. But can this condition be remedied by elastic currency? Can it be cured by low-rate interest? Can it be bettered by more liberal loans? No; by none of these as a special feature. The farmer must be encouraged, but he must be made self-reliant and self-supporting. This can be done by the extension of reasonable loans at fair interest for proper lengths of time. I mean by this that where bankers make safe loans at a legitimate rate of interest from season to season to farmers agriculture will be developed. Cheap money, large loans and long-time obligations are not good for

the farmer. He has fat years and he has lean years. If the lean year finds him in the midst of a long-extended debt he becomes discouraged. The banker is responsible for his progress or his retrogression.

The farmer should deal with the local banker. The local banker should be such a one as to know his customers' needs and qualifications and how and when to say no. His institution is the pulse of the community.

It has always seemed to me that banks were essentially destined to help work out local problems. There is no more important, legitimate, local, national and international problem than agriculture. With farmers properly equipped for their duties, and aided by the coöperation of the bankers, then with no more elastic currency than exists to-day banking would be stable, agriculture would flourish and the high cost of living reduced to a minimum.

System of Checking Accounts

BY CHAS. D. MAXSON.

IN many banking-houses certain systems must be maintained to get the required results. What would be adapted for one would not help another.

One branch of the systematic work is the keeping of checking accounts under control, so as to be able to have every depositor at certain intervals during a year's time receive his account showing deposits, checks drawn and his balance.

For over two years the bank with which I am connected has arranged in a systematic way for every depositor to receive his account—some every month, some every other month, and some quarterly; while the less active ones are written up once or twice a year, according to the amount of business transacted—that is, the number of deposits made and checks drawn.

An individual card is employed for every depositor, giving the full name and address, also the day of the month upon which the account is to be written. These cards are filed in a numeral index running from one to thirty-one, representing the days of the month. Each day of the month has individual cards arranged to be written up. The accounts which are balanced monthly have plain tops, while those to be written at intervals have the tabs left to show the different months of writing. The accounts are written up on en-

velopes especially printed to show the dates of and amount of deposits for the period, together with the cancelled checks drawn in the meantime, the adding machine being used to perform this part of the work.

To simplify the work both inside and outside of the bank, there is placed on the inside of front cover a stamp so that the depositor can tell just on what dates his account can be called for at the bank. This stamp is in the following form:

Your account will be
balanced on the . . .
of

Should a customer come to the window and not remember the date his account is due, we are ready to tell him by turning to a book which gives every name alphabetically on our ledgers, and shows thus:

15—John Brown,—Jan., May, Aug., Dec., meaning that his account is written up on the 15th day of those months.

If a certain date falls on a Sunday—which will occur—then two days' lot are written on Monday. The same may be said in regard to the holidays. Before this system was taken up the work was bunched up and there was no regularity about it, and only to find that at the last of each year the clerks were compelled to put in a New Year's day in the bank writing up accounts.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

Recent Decisions of Interest to Bankers

Collections

CHECK SENT TO DRAWEE BANK—EFFECT OF CREDITING.

Supreme Court of the United States June 6, 1913.

AMERICAN NATIONAL BANK OF NASHVILLE VS.
A. L. MILLER, AGENT OF THE FLINT
NATIONAL BANK OF MACON.

When a check is sent direct to the bank upon which it is drawn and such bank performs the dual function of collecting the item and entering the credit therefor, the transaction is closed, and, in the absence of fraud or mutual mistake, is equivalent to payment in usual course.

Where the president of a bank delivers to such bank his check upon another bank in payment of his personal indebtedness, the bank receiving such check is not in the absence of actual knowledge charged with notice that he was insolvent and was indebted on unmatured paper to the bank on which the check was drawn.

IN error to the United States Circuit Court of Appeals for the Sixth Circuit.

Mr. Justice LAMAR delivered the opinion of the court:

R. H. Plant, of Macon, Georgia, kept a deposit account with the American National Bank of Nashville, and, on May 16, 1904, was indebted to it in the sum of \$50,000 on paper, which matured two or three weeks later. He was generally regarded as a wealthy man, but was in fact insolvent. While so insolvent he, on May 18, 1904, gave to the First National Bank of Macon, of which he was president, a check for \$3,000 on account of an indebtedness due by him to it.

The Macon bank at once mailed the check to the Nashville bank with instructions to place it to the credit of the Macon bank. The check was received by the Nashville bank at 8 o'clock Monday morning, May 16th. The letter was opened shortly after 9

o'clock, and was credited to the Macon bank's account about 11 o'clock a. m.,—an hour or so after a petition in bankruptcy had been filed against Plant in Macon. His failure precipitated a run on the Macon bank, and, the same day, by direction of the Comptroller of the Treasury, a receiver was appointed for it under Rev. Stat. § 5234, U. S. Comp. Stat. 1901, p. 8507.

The Nashville bank was not advised of either of these failures, and about 2 o'clock it charged the \$3,000 check to Plant's account, and the same day mailed to the Macon bank a letter stating that its account had been credited with \$3,000. Four or five days later, having learned of Plant's bankruptcy, it charged off the \$3,000, claiming that Plant's insolvency, on May 16th, gave to the Nashville bank the right of set-off even as against the unmatured drafts. Carr vs. Hamilton, 129 U. S. 256, 32 L. ed. 670, 9 Sup. Ct. Rep. 295.

The plaintiff was subsequently appointed agent of the Macon bank under Rev. Stat. § 5234, and brought suit against the Nashville bank for the recovery of \$3,000. Most of the facts were agreed upon, but much evidence was taken for the purpose of showing that the Macon bank had notice of Plant's insolvency, and at the conclusion of the testimony each party moved that a verdict be directed in its favor. Beutell vs. Magone, 157 U. S. 154, 39 L. ed. 654, 15 Sup. Ct. Rep. 566. The court instructed the jury to find for the plaintiff. The judgment was affirmed (107 C. C. A. 456, 185 Fed. 838) by the Circuit Court of Appeals.

There are some disadvantages of sending a check for collection directly to the bank on which it is drawn, but when such bank performs the dual function of collecting and crediting the transaction is closed, and, in the ab-

sence of fraud or mutual mistake, is equivalent to payment in usual course. *First Nat. Bank vs. Burkhardt*, 100 U. S. 689, 25 L. ed. 768. In the present case it was as though an officer of the Macon bank had presented the check to the teller of the Nashville bank, and, on receiving the money, had paid it back over the counter for deposit to the credit of the Macon bank.

The Nashville bank, however, claims that there was here the element of fraud and mistake which entitles it to cancel the credit; insisting that the Macon bank, having notice that Plant was insolvent, could not collect the check for \$3,000 without notifying the Nashville bank of such insolvency, so that it might assert its superior right under its banker's lien, and set off the \$3,000 deposit against Plant's debt of \$50,000.

The law undoubtedly permits an insolvent to prefer one creditor over another, and allows such creditor to retain such preferential payment against all persons, except the trustee in bankruptcy, when the payment has been made within four months of the filing of the petition in bankruptcy, and with reasonable cause to believe that a preference would be effected. We do not enter upon the question as to whether this right to be preferred is modified by principles of equity, or whether the holder of a check, in presenting it to a bank for payment, is bound to give information that the bank's depositor and debtor was insolvent. For in this case it distinctly appears that the officers of the Macon bank did not know that Plant was insolvent at the time he gave the check, at the time they mailed the check, or at the time it was received by the Nashville bank, nor did they know that Plant was indebted to the Nashville bank. Such notice, however, is sought to be imputed to the Macon bank because Plant was its president, and it is argued that what he knew the bank must be considered as knowing.

This presents another phase of the oft-recurring question as to when and how far notice to an agent is notice to his principal. In view of the many decisions on the subject, it is unnecessary

to do more than to apply them to the facts of this case. If Plant, within the scope of his office, had knowledge of a fact which it was his duty to declare, and not to his interest to conceal, then his knowledge is to be treated as that of the bank. For he is then presumed to have done what he ought to have done, and to have actually given the information to his principal.

But if the fact of his own insolvency and of his personal indebtedness to the Nashville bank were matters which it was to his interest to conceal, the law does not by a fiction charge the Macon bank, of which he was president, with notice of facts which the agent not only did not disclose, but which he was interested in concealing.

Plant was a private banker in Macon, and as such indebted to the First National Bank of Macon, of which he was president, and so far dominated as to compel it to take care of the large balances against him in the clearing house, frequently more than fifty per cent. of the \$200,000 capital of the Macon bank. On May 13th Plant was indebted to the Macon bank on this account between \$75,000 and \$100,000. A national bank examiner was in the city, and it was expected that he would examine the books of the Macon bank within a few days, when this illegal overdraft by the president would appear. *Rev. Stat. § 5200, U. S. Comp. Stat. 1901, p. 3494; Evans vs. United States*, 153 U. S. 584, 38 L. ed. 880, 14 Sup. Ct. Rep. 934, 9 Am. Crim. Rep. 668. Plant thereupon gave the bank checks and commercial paper to pay the balance. It was to his personal interest to conceal any fact which would prevent the Macon bank from receiving paper in satisfaction of a debt which had been unlawfully contracted by reason of his official position. An element of that interest was that he should conceal not only the fact of his insolvency but the fact of his indebtedness to the Nashville bank, lest the Macon bank should thereby refuse to take the \$3,000 check at its face value. Without, therefore, inquiring as to what would have been the duty of

the Macon bank had it known of Plant's insolvency and indebtedness on the \$50,000 drafts, we hold that as it had no such knowledge in fact, it was not charged with such knowledge in law. The judgment is affirmed.

Promissory Note

ORDER IN WHICH PARTIES LIABLE—SPECIAL AGREEMENT—EVIDENCE.

Supreme Judicial Court of Massachusetts,
May 24, 1913.

SHEA VS. VAHEY ET AL.

Where the parties to a negotiable instrument have made an agreement as to their respective liabilities their rights, as among themselves, are to be determined by such agreement regardless of the order in which the signatures appear on the paper.

Such an agreement may be proved by parol evidence.

In such a case the party who has paid the note should not sue upon the note itself, but upon the special agreement.

RUGG, C. J.: There was evidence from which it might have been found that the plaintiff was simply the agent of one of the indorsers of the note in taking up the note after maturity and in bringing this action.

[1-3] The defendant was the first of the four indorsers upon the note. The true relation as between themselves of parties liable on a note may be shown by oral evidence in actions between them to determine their respective obligations. It is only in the absence of proof to the contrary that the law fixes the legal effect of their liability on the instrument in accordance with the order of the signatures. *Enterprise Brewing Company vs. Canning*, 210 Mass. 185. When an outside agreement is proved the rights of the parties as to each other are fixed in accordance with its terms regardless of the order in which the signatures appear on the note. *Lewis vs. Monahan*, 173 Mass. 122. There was ample evidence to support a finding that the indorsers, of whom there were three at the outset, agreed before signing the original note that they should share equally whatever

they might be required to pay on it, and that later when the wife of one of the three signed a renewal of the original note, making four indorsers, it was agreed that the proportion of liability of the defendant should remain the same. The jury as shown by the verdict believed that this agreement was made. The plaintiff technically was not entitled to recover on the note. The action should have been by the indorser who has paid for contribution upon the oral agreement. The rulings were sufficiently favorable to the plaintiff.

Exceptions overruled.

Promissory Note

ORDER IN WHICH PARTIES LIABLE—ACCOMMODATION PARTIES—GUARANTOR.

Supreme Court of Oregon, April 29, 1913.

NOBLE VS. BEEMAN-SPAULDING-WOODWARD CO.
ET AL.

Where a person places above his signature on the back of a promissory note the words "I hereby guarantee payment of the within note," he is not to be deemed an indorser, but a guarantor.

The liability of an accommodation maker and an accommodation guarantor is successive and not concurrent, the liability of such maker being primary and the liability of such guarantor secondary.

Accommodation parties are liable to each other in succession as their names appear upon the instrument, unless they specially agree to be bound jointly and not severally. An agreement between parties to negotiable instruments to be equally liable, instead of being liable to each other in succession as their names appear upon the paper, may be proved by parol.

THE Beeman-Spauldning-Woodward Company having applied to the Hibernia Savings Bank for a loan of \$2,500, the bank officers drew up a note, and wrote on the back thereof the words following:

"For value received, I hereby guarantee the payment of the within note at maturity, or any time thereafter, with interest at eight per cent. per annum until paid, and hereby waive demand, protest and notice of nonpayment, and consent that the payment of this note may be extended from time to

time without affecting my liability thereon."

The note was then signed by the corporation as maker, and was sent to Seattle to be signed by C. H. Noble as guarantor. Noble refused to sign unless certain stockholders of the corporation, viz., Julian Beeman, Lewis V. Woodward and M. G. Smith, should sign the note as makers. These persons then signed, and Noble placed his signature on the back. The note having been dishonored at maturity, Noble was required to pay the amount thereof to the bank. He then brought this action against the makers to recover the money he had so paid.

BURNETT, J. (omitting part of the opinion): It is manifest, upon the face of the writings involved, that at the outset the parties intended to be bound to the bank in different capacities, for, as conceded by all parties, Noble refused to sign the contract of guaranty indorsed on the note, unless the individual members of the corporation, including the answering defendant here, should themselves sign the note, and it was only when the note was again presented to him with the signatures of the individual defendants as makers that he signed as he did. Our Negotiable Instrument Law (Laws 1899, p. 27, § 68) provides:

"A person placing his signature upon an instrument otherwise than as a maker, drawer or acceptor is deemed to be an indorser, unless he clearly indicates by appropriate words his intention to be bound in some other capacity."

Under this section it is plain that Noble was not an indorser, because he indicated by the appropriate word guarantee his intention to be bound in that capacity and not as an indorser. Section 5862 L. O. L. says: "An accommodation party is one who has signed the instrument as maker, drawer, acceptor, or indorser, without receiving value therefor, and for the purpose of lending his name to some other person. Such a person is liable on the instrument to a holder for value, notwithstanding

standing such holder at the time of taking the instrument knew him only to be an accommodation party." The Code has thus limited accommodation parties to the four classes of maker, drawer, acceptor, or indorser. True enough it has not made it unlawful for any person to enter into a contract of guaranty as to the debts of another party, but by the law, "the mention of one being the exclusion of the other," such a guarantor is not an accommodation party. Although, by placing his name only on the back of the note, Noble would have been an indorser, he clearly excluded himself from that category by the terms of the writing which he signed, indicating his intention to be bound in a different capacity. So far as anything is concerned in this case, the writing which Noble signed would have been equally efficacious if it had been inscribed on an entirely separate piece of paper, with appropriate words describing the instrument to be secured.

Taking Noble's agreement and the note together, nothing else being shown, his liability is not concurrent with that of those who signed the note as makers, but successive to theirs, and this would be true, in the absence of any other showing, even if Noble had only written his name on the back of the note before it was delivered to the bank and the money advanced thereon. The law of this state says that: "The person 'primarily' liable on an instrument is the person who by the terms of the instrument is absolutely required to pay the same." L. O. L. § 6023.

On the face of the note this is the liability of the defendant Smith. The same section says further: "All other parties are secondarily liable." Even if Noble had merely written his name on the back of the note and thus became an indorser under the terms of section 5896, L. O. L., he would still have been only secondarily liable, as respects the makers, and hence not in the same category with Smith. But if we should treat Noble as strictly an indorser and not a guarantor, as far as

appears from the note itself and its indorsers, "it is the established rule that the parties to ordinary commercial paper, negotiated for value in the regular course of business, are liable to each other in succession as their names appear upon the instrument; the acceptor of a bill or the maker of a note being the principal debtor and the indorsers being liable severally in the order in which their names are written. The same rule applies in the absence of special agreement to successive accommodation parties, and a subsequent accommodation indorser, who has been compelled to meet the obligation, may maintain an action upon the instrument against any prior accommodation party and recover the whole amount paid, although he knew that the latter's signature was given for accommodation merely.

It follows that successive accommodation parties, acceptor and indorser, maker and indorser, or successive indorsers, are not to be considered as cosureties and therefore they are not entitled to contribution among themselves unless they specially agree that they are to be bound jointly and not severally, but where such an agreement exists, contribution may be enforced and the agreement may be proved by parol or may be evidenced by the circumstances of the case." 1 Am. & Eng. Ency. Law, p. 356. To the same effect is the doctrine taught by the case of *Montgomery vs. Page*, 29 Or. 320, 44 Pac. 689. There *Montgomery* had signed a note as maker which had already been signed by a partnership in its firm name and by the individual partners. *Montgomery* was in fact a surety, and at the same time, as part of the transaction, the defendant *Page* wrote on the back of the note and signed these words: "for value received I hereby guarantee the payment of the within note," and, having been compelled to pay the note, brought an action against *Page* and alleged that, at the time of the making of the note and the indorsement by *Page*, it was agreed between them that, in case either should be compelled to pay the note, the other

would contribute half of the amount required to be paid. Based upon such an allegation, this court, in an opinion by Mr. Justice Wolverton, held that the agreement could be proved by parol and could be relied upon to take the case out of the natural operation of the law upon the writings embodied in the note and the indorsement thereof. The contract raised by operation of the law between the makers of a promissory note and the indorsers thereof is that the liability is successive. This contract may be overcome and the natural operation of the law be superseded only by a special contract between the parties thus bound to pay the note.

Protest

CERTIFICATE OF NOTARY—PROOF THAT NOTICE OF DISHONOR GIVEN.

Supreme Court of Pennsylvania, April 21, 1913.

SCOTT VS. BROWN.

Under the statute of Pennsylvania, making the certificate of a notary public evidence of the facts therein contained, a notary's certificate that he had protested a note and notified the indorsers of the presentation, demand and refusal, is *prima facie* evidence that notice was given in compliance with the requirements of the Negotiable Instruments Law.

The effect of such a certificate is not impaired by the introduction of evidence which shows that notice was sent to a particular postoffice, without proof that this was the proper postoffice.

THIS was an action against an endorser upon a promissory note.

BELL, C. J.: At the trial of an action by the holder of a promissory note against an indorser the plaintiff offered the note in evidence, together with the certificate of the notary by whom protest had been made. It appeared from the certificate that the notary had presented the note at the bank where it was payable on the day that it was due and demanded payment thereof, which was refused; that he had protested it and notified the maker and indorsers of the presentation, de-

mand, and refusal. This was followed by proof by the notary that, after protesting the note, he handed it to his clerk with instructions to mail notices, which he furnished for the purpose to all parties to the note to such addresses as he had obtained or had the means of obtaining. And by further proof by the notary's clerk that he had within an hour of the dishonor of the note mailed notice of the presentation, demand, and dishonor of the note to the defendant at Fallsington, Bucks County, Pa., with notice that he would be looked to for payment.

The defendant offered no testimony, but presented a request for binding instructions, which was refused, and after verdict he moved for judgment *non obstante veredicto* on the ground that there was no proof that Fallsington was the post office to which notice should have been sent under the Negotiable Instrument Act of May 16, 1901 (P. L. 194). Section 108 of the act provides that where a party to a note has not added an address to his signature and notice is sent by mail it must be sent: "(1) Either to the post office nearest to his place of residence or to the post office where he is accustomed to receive his letters, or (2) if he live in one place and have his place of business in another, notice may be sent to either place, or (3) if he is sojourning in another place, notice may be sent to the place where he is sojourning."

The plaintiff could have gone to the jury on his offers of the note and the notary's certificate of protest without further proof, and the single question raised by the appeal is whether, having shown by his witnesses that the notice was mailed to Fallsington, he was required to go farther and prove that this was the proper post office to which to mail it under the act of 1901. The act of January 2, 1815 (6 Smith's Laws, p. 238), which made the certificate of a notary evidence of the facts therein contained, was extended by the act of December 14, 1854 (P. L. [1855] 724), so as to include notice to drawers, acceptors, and indorsers in respect to the dishonor of bills and promissory notes.

It has been uniformly held in our cases that the certificate of a notary of notice of protest is *prima facie* evidence of the facts stated therein, and that, in the absence of contradictory proof, it is conclusive. In *Kase vs. Getchell*, 21 Pa. 503, it was said that notice to an indorser is part of the official duty of a notary, and, when duly certified and not contradicted or questioned, the presumption that always arises in favor of official acts requires us to hold that it was given according to law, and in *Starr vs. Sanford*, 45 Pa. 193, that the act of 1854 makes such a certificate *prima facie* evidence, and unless rebutted it must have a conclusive effect.

The notary certified that he had given notice to the defendant. Presumably, since his act was an official act, it was properly performed, and his certificate, standing alone, entitled the plaintiff to go to the jury. If the notary had certified that he gave notice by mail to Fallsington, the same presumption as to regularity and legality would have arisen, for presumably he sent notice to the right place. Proof that the notice was mailed to Fallsington was not contradictory of nor inconsistent with the notary's official certification of notice to the indorser, and it did not destroy the *prima facie* effect of the certificate nor repel the presumption to which it gave rise.

The judgment is affirmed.

Indorsement

NOTE INDORSED TO ONE OF TWO PERSONS
IN THE ALTERNATIVE—NEGOTIABLE
INSTRUMENTS LAW.

Supreme Court of Oregon, April 29, 1913.

PAGE VS. FORD ET AL.

Under the Negotiable Instruments Law the holder of a promissory note may indorse it over to two persons in the alternative.

THIS was an action upon a promissory note made by A. H. Ford and others payable to the Oregon-Idaho Company. The payee indorsed the note: "Pay to order of Frank

Smith, Oregon-Idaho Company, by L. R. Ferbach, President." Smith indorsed it back in the form following: "Without recourse pay to the order of the Oregon-Idaho Company or L. R. Ferbach. Frank E. Smith." It was then indorsed to appellant thus: "Pay to Chas. H. Page, or order, this 9th day of September, 1910. L. R. Ferbach, President Oregon-Idaho Company" and "For value received, I hereby guarantee the payment of the within note absolutely without condition and waive demand, notice, or protest for non-payment. L. R. Ferbach." The trial court ruled that the indorsement by Smith "to the order of the Oregon-Idaho Company or L. R. Ferbach" was an alternative indorsement and destroying the negotiability of the note.

McBRIDE, C. J. (Omitting part of the opinion): Did the alternative indorsement render the note non-negotiable?

This is a question of much nicety, involving the construction of section 5841, L. O. L., being identical with section 27, uniform negotiable instruments law as it appears in Crawford on Negotiable Instruments, which first-mentioned section reads as follows:

"The instrument is payable to order where it is drawn payable to the order of a specified person, or to him or his order. It may be drawn payable to the order of (1) a payee who is not maker, drawer or drawee; or (2) the drawer or maker; or (3) the drawee; or (4) two or more payees jointly; or (5) one or some of several payees; or (6) the holder of an office for the time being. Where the instrument is payable to order, the payee must be named or otherwise indicated therein with reasonable certainty."

At common law a note so indorsed was non-negotiable. 1 Daniel on Negotiable Instruments (4th Ed.) § 108; Randolph on Commercial Paper, § 155; 1 Parsons on Notes and Bills, p. 34, note; Story on Promissory Notes, § 33. But this rule which was accompanied with many inconveniences and was sup-

ported more by archaic precedent than sound logic, seems to have been abrogated by the uniform negotiable instruments act, now adopted by thirty-four States of the Union. Crawford on Negotiable Instruments (3d Ed.) p. 20; Selover on Negotiable Instruments (2d Ed.) p. 75; Union Bank vs. Spies, 151 Iowa 178. The opinion of Mr. Crawford, who prepared the negotiable instruments act, is entitled to great consideration. The act is remedial in its nature, and should be liberally construed. We conclude, therefore, that in so far as it is affected by the alternative indorsement the note was negotiable.

Indorsement

WORDS "WITHOUT RECOURSE"—TO WHAT
INDORSEMENT THEY REFER—
PAROL EVIDENCE.

Court of Appeals of Kentucky, June 20,
1913.

GOOLBRICK ET AL VS. WALLACE ET AL.

Where the words "without recourse" appear between the indorsement of the payee and the indorsement of a bank, parol evidence is admissible for the purpose of showing to which indorsement they apply.

THIS was an action upon a promissory note payable to the order of Hart Wallace, and indorsed in the following form: "Hart Wallace." "Without Recourse" pay any bank or banker, or order. Citizens Bank, Shelbyville, Ky. J. C. Burnett, Cashier.

The payee defended upon the ground that his indorsement was qualified.

LASSING, J. (Omitting part of the opinion): If there appeared on the back of the note in question merely the signature of Hart Wallace, coupled with the words "without recourse," there would be no question that his was a qualified indorsement, and the holder of the note would have to look to the maker for payment. There also appears on the note the indorsement of the bank, and the words "without recourse" appear between the name of

Hart Wallace and that of the bank. From their location, it might be fairly inferred that it was the intention of the person writing the words "without recourse" upon said note that they should apply to and limit the liability of the bank; but such inference is justified only by reason of the fact that the words "without recourse" are written above and parallel with the indorsement of the bank.

The statute, however, provides that the indorsement may be qualified by adding to the indorser's signature "without recourse," or words of similar import. Strictly speaking, these words could not appear above the signature whose indorsement they were intended to qualify; but we do not feel that the statute should be given so narrow a construction and hold that the qualifying words should limit the liability of that indorsement to which they were intended to be applied when placed upon the instrument. If both of the indorsements had appeared upon the note above the words "without recourse," we would unhesitatingly hold that they applied to and limited the last indorsement; but, whereas, in the present case, it is impossible to tell, from the location of the qualifying words with reference to the indorsements upon the paper, to which indorsement they apply, the ends of justice require that oral evidence should be introduced to establish this fact.

We, accordingly, hold that the court did not err in receiving oral evidence in order to determine whether or not the words "without recourse" applied to the indorsement of Hart Wallace or that of the bank.

This is an enunciation of no new principle, for in the recent case of *First National Bank vs. Bickel*, 143 Ky. 754, 187 S. W. 790, after holding that the purpose of the statute under consideration was to exclude parol evidence, and to make the written instrument control the rights of the parties, this court said: "It may be shown by parol evidence, under section 64 of the Negotiable Instrument Act, whether a person is an accommodation indorser or not, and it

may be shown under section 68 as between indorsers what their liability is. But the purpose of both these provisions is merely to determine the liability of the indorsers between themselves. In other words, the purpose of these provisions is simply to allow parol evidence to show whose debt it is that the real debtor may be required as between the debtors themselves to discharge his own debt rather than one who is secondarily liable for it. But this principle cannot be extended so as to impose upon the indorser a different obligation than the law ascribes to the writing which he executes."

The purpose of an indorsement "without recourse" is to transfer the title to the instrument of writing to the purchaser, without creating any personal liability on the part of the one so transferring and indorsing it. The character of the instrument is in no wise, modified or changed by permitting the introduction of parol evidence to show to whose indorsement the qualifying words apply, where there is more than one indorsement to which they might with equal propriety apply. In such case, it is impossible to determine without the introduction of parol evidence, which indorser is entitled to the benefit of the qualifying words, and hence the necessity for its introduction.

In a note to *Doll vs. Getzschmann*, Ann. Cas. 1913A, 880, quite a line of authorities is collated by the editor, which hold that parol evidence is admissible to show the time when an indorsement on a note was made. If parol evidence may be introduced to show the order in which indorsements were made upon a note, by parity of reasoning, it is equally apparent that such evidence should be admitted to establish to which of several indorsements, qualifying words found on the notes should be applied.

It being competent for appellee to show, by parol evidence, that the qualifying words "without recourse" were placed upon the note to limit his liability, the chancellor correctly held that appellants were not entitled to recover.

Judgment affirmed.

Set-Off

BANKRUPTCY OF DEPOSITOR—PREFERENCE.

Supreme Court of the United States, June 9, 1913.

J. BUTLER STUDLEY, TRUSTEE, VS. BOYLSTON NATIONAL BANK OF BOSTON.

The right of a bank to set off the note of a depositor against his deposit is recognized by the Bankruptcy Act.

There is nothing in the Bankruptcy Act which prevents the parties from doing before the petition is filed what the law itself requires to be done, and hence a check given to the bank to pay the note of the depositor, if given in good faith, does not constitute a preference.

APPEAL from the United States Circuit Court of Appeals for the First Circuit to review a decree which affirmed a decree of the District Court for the District of Massachusetts, dismissing a suit by a trustee in bankruptcy to recover an alleged preference.

MR. JUSTICE LAMAR delivered the opinion of the court:

The Collver Tours Company was engaged in the business of conducting touring parties around the world, charging a lump sum for the tickets, which were paid for in advance. It had expended about \$40,000 in advertising, which it carried on its books as an asset, and since the character of its business did not involve the possession of tangible property, it had nothing except cash on hand, good will and its earning capacity as a means of paying debts.

In 1907 the company opened an account with the Boylston National Bank, with which it subsequently did all of its banking business of depositing, checking and borrowing. It notified the bank in 1909 that it had no other liabilities except what was due to the bank, and it was given a line of credit of \$25,000. It borrowed that sum on the promise to repay it that year; but as it used a part of its funds to open a letter-of-credit account in the bank, it was permitted to renew the notes. In December, 1909, it made a statement to the Massachusetts Corporation Com-

mission which showed that the company did not have assets sufficient to pay its liabilities, and an officer of the bank saw this statement, but the representative of the Collver Company went over the matter with the bank officers, made an explanation, and borrowed an additional sum of \$5,000 in the spring or summer of 1910. During the year 1910 the debt of \$25,000 was reduced to \$10,000, went back to \$25,000, was reduced again to \$15,000, and increased to \$80,000—the Collver Company making to the bank encouraging statements of its prospects and of an anticipated large sale of tickets for round-the-world tours. One note for \$5,000 was paid, and the then debt of \$25,000 was represented by five notes for \$5,000 each, maturing September 12, 20, 30, October 3 and 14th.

The balances in bank to the credit of the Collver Company fluctuated greatly from time to time, varying from almost nothing up to as high as \$54,000. As a result of sales of tickets, the company deposited large sums in August and September and smaller sums in October and November. During that period \$22,500 was paid to the bank, the three notes due September 12, 20 and 30 being paid by checks on the Boylston National Bank. The note for \$5,000, due October 3, was charged to the company's account, and on the same day a renewal note for \$2,500 was discounted. The note for \$5,000 which fell due on October 14 was also charged to the deposit account, according to the custom of the bank of which the Collver Company had notice, and to which it assented. On the date of the payment by such charging of the last note to the account, the company had \$19,000 left to its credit. The Collver Company continued to make deposits and to draw checks, and applied for a new loan, which was refused by the bank. On December 16, 1910, a petition in bankruptcy was filed against the company, and after his election the trustee brought suit against the bank to recover the \$22,500, claiming that it had notice of the Collver Company's insolvency and that the

payments of \$22,500 were transfers which had operated to give the Boylston Bank a preference within four months of filing the petition.

In its answer the bank alleged that it was informed and believed that the company was doing a large and constantly increasing business and was in every way responsible; that the company for a long time kept its general deposit with the bank and was constantly making deposits therein, some large, some small, upon all of which the bank had a lien and a right of set-off, and that "this right of set-off was not affected by the fact, if it be a fact, that the company was at any of the times of the exercise of said right of set-off insolvent;" and it claimed that the exercise of its right of set-off did not and could not constitute a preference within the meaning of the bankruptcy act or any amendment thereto.

The case was tried by the referee, who sustained the bank's claim of set-off, holding that the payments were not transfers; or, if transfers, that the trustee could not recover the money because the bank had no reasonable cause to believe that the payment of the notes would operate as a preference. On exceptions to the report it was sustained on the ground that the deposits had been honestly made in due course of business, and that the defendant, by virtue of its banker's lien and right of set-off, could retain the money. That judgment was affirmed on the same ground by the circuit court of appeals. 200 Fed. 249. The case was then brought here by the trustee, who insists that all the payments were transfers; that if the notes charged to the account are not transfers, certainly the giving of the three checks for \$5,000 were transfers, and that in receiving the same the bank necessarily knew that it was obtaining a preference.

But if, as found by the referee, the bank had no reasonable cause to believe such transfers would effect a preference, the payments by checks for \$15,000, drawn on the deposit account, are as much protected as if on the same dates similar checks had been given in

payment of like amounts due another bank with which the Collvey company kept no account. For there is nothing in the statute which deprives a bank, with whom an insolvent is doing business, of the rights of any other creditor taking money without reasonable cause to believe that a preference will result from the payment. The bankruptcy act contemplates that by remaining in business and at work, an insolvent may become able to pay off his debts. It does not prevent him from continuing in trade, depositing money in bank, drawing checks and paying debts as they mature, either to his own bank or any other creditor. It does provide, however, that if bankruptcy ensues, all payments thus made, within the four months period, may be recovered by the trustee, if the creditor had reasonable cause to believe that a preference would be thereby effected.

In this case the referee found as a fact that the bank had no reasonable cause to believe that a preference would result. The district judge made no finding of fact, though in his opinion, which cannot be considered as a finding of fact, he did state that the bank had a right to examine the company's books, and could have discovered that a preference would result. The circuit court of appeals made no ruling on this subject, and we therefore pass to the consideration of the right of set-off in the light of the finding by the referee, by the district judge, and by the court of appeals, that the deposits were honestly made, in due course of business, and without any intent to prefer the bank.

The money so deposited was the proceeds of the sale of tickets to a large party of round-the-world tourists, and was put in bank, not for the purpose of preferring it, but in the expectation of being used for carrying on the business in the future as in the past. Indeed, the payments were made with the statement that the company would expect the bank to discount other notes. We find nothing in the record to indicate that the deposits were made for the purpose of enabling the bank to

secure a preference by the exercise of the right of set-off. The case, therefore, comes directly within the decision in *New York County Nat. Bank vs. Massey*, 192 U. S. 138, where \$3,884 deposited by an insolvent customer, in good faith, four days before the filing of the petition against him, was allowed to the bank by way of set-off on notes of the bankrupt held by it.

An effort is made to distinguish that case from this, by calling attention to the fact that here, by checks drawn on the account or notes charged to the account, the parties themselves voluntarily made the set-off before the petition was filed; while in the *Massey Case* the trustee, under the supervision of the referee, stated an account and allowed the set-off as permitted by 68a, which provides "that in all cases of mutual debt, or mutual credits between the estate of a bankrupt and a creditor, the account shall be stated and one debt shall be set off against the other, and the balance only shall be allowed or paid."

That section did not create the right of set-off, but recognized its existence, and provided a method by which it could be enforced even after bankruptcy. What the old books called a right of stoppage—what business men call set-off—is a right given or recognized by the commercial law of each of the States, and is protected by the bankruptcy act if the petition is filed before the parties have themselves given checks, charged notes, made book entries, or stated an account whereby the smaller obligation is applied on the larger.

The banker's lien on deposits, the right of retention and set-off of mutual debts, are frequently spoken of as though they were synonymous, while in strictness, a set-off is a counterclaim which the defendant may interpose by way of cross-action against the plaintiff. But, broadly speaking, it represents the right which one party has against another to use his claim in full or partial satisfaction of what he owes to the other. That right is constantly exercised by business men in making book entries whereby one mutual debt

is applied against another. If the parties have not voluntarily made the entries, and suit is brought by one against the other, the defendant, to avoid a circuitry of action, may interpose his mutual claim by way of defense, and if it exceeds that of the plaintiff, may recover for the difference. Such counterclaim can be asserted as a defense or by the voluntary act of the parties, because it is grounded on the absurdity of making A pay B when B owes A. If this set-off of mutual debts has been lawfully made by the parties before the petition is filed, there is no necessity of the trustee doing so. If it has not been done by the parties, then, under command of the statute, it must be done by the trustee. But there is nothing in 68a which prevents the parties from voluntarily doing, before the petition is filed, what the law itself requires to be done after proceedings in bankruptcy are instituted.

The bank was indebted to the Collver Company as a depositor some \$54,000 for money deposited in good faith in the usual course of business, and with no purpose of enabling the bank to secure the right of set-off. The Collver Company, on the other hand, was indebted to the bank \$25,000 on notes maturing at various dates. These were mutual debts, and if, on the date the first note became due, the Collver Company had failed to pay it, the bank could have enforced its banker's lien or its right of set-off, by applying \$5,000 of the deposits in payment of the note which matured that day, and so on as each of the other notes became due. It cannot have been illegal for the parties on September 12, 20, 30, October 8 and 14, to do what the law would have required the trustee to do in stating the account after the petition was filed on December 16, 1910. No money passed in either instance; for, whether the checks for \$5,000 were paid or notes for \$5,000 was charged was, in either event, a book entry equivalent to the voluntary exercise by the parties of the right of set-off.

The bankruptcy act recognizes this right, and it cannot be taken away by

construction because of the possibility that it may be abused. The remedy against that evil is found in the fact that the trustee is authorized to sue and recover if it is shown that after insolvency the money was deposited for the purpose of enabling a bank or other creditor to secure a preference. But to deny the right of set-off in cases like this, would in many cases make banks hesitate to honor checks given to third persons, would precipitate bankruptcy, and so interfere with the course of business as to produce evils of serious and far-reaching consequence.

Affirmed.

Protest

NOTICE OF DISHONOR—PLACE OF BUSINESS—WHAT CONSTITUTES.

Supreme Court of Rhode Island, June 25, 1913.

KNIGHT VS. INFANTRY HALL AUDITORIUM COMPANY.

A note made by a corporation having its place of business in Providence, was indorsed by its treasurer, who resided in Cranston. The indorser visited the office of the company in Providence from time to time, and his name appeared in the Providence directory as having a place of business at that number. Private letters were often sent to him at that address, some of which were received by him there and some of which were forwarded to him at Cranston: *Held*, that notice sent to him at such office of the corporation was a compliance with the requirements of the Negotiable Instruments Law.

THIS was an action upon a promissory note made by the Infantry Hall Auditorium Company, and indorsed by Daniel D. Waterman and another person.

The note not having been paid it was protested, and notices of dishonor were mailed to the indorsers on the day of maturity.

The notice to Daniel D. Waterman was addressed to him at 130 South Main street, Providence, R. I., which was the office of the maker of the note, the Infantry Hall Auditorium Com-

pany, of which company Waterman was, and for a long time had been, treasurer. Mr. Waterman was also at that time city clerk of the city of Cranston; the office of such city clerk being at Knightsville, in said city. The residence of Waterman was also in Cranston.

VINCENT, J. (Omitting part of the opinion): It is provided in and by chapter 200, section 114, of the General Laws of 1909, that if an indorser live in one place, and have his place of business in another, notice of dishonor may be sent to either place, and further that, if notice of dishonor is actually received by the indorser within the time specified by law it will be sufficient, though not sent in accordance with the requirements of said section 114. Mr. Waterman admits that he received the notice of dishonor two or three days afterwards, presumably meaning two or three days after the maturity of the note. Construing this statement in a way the most favorable to the plaintiff, as we are bound to do, it amounts to an admission that he actually received the notice within the statutory period.

We now come to the consideration of the remaining question: Was the office of the Infantry Hall Auditorium Company, at 130 South Main street, Providence, a place of business of Daniel D. Waterman? He was the treasurer of that company, and, as such treasurer, there signed and indorsed the note in question. There had been several renewals of the original note, and the business connected with such renewals had taken place at the same office. Mr. Waterman visited this office from time to time in the transaction of the business of the company of which he was treasurer, and his name appeared in the Providence Directory as having a place of business at 130 South Main street. Private letters—that is, letters relating to matters other than the business of the Infantry Hall Auditorium Company—were addressed to him at 130 South Main street. Some of these letters were remailed to him

at Cranston, and others were received by him at such times as he was personally present at that office. We think that Mr. Waterman had a place of business at 130 South Main street, Providence, and that the notice of dishonor mailed to that address was a compliance with the statute, and sufficient to fix his liability as indorser upon said note.

Certificate of Deposit

ACTION UPON—STATUTE OF LIMITATION.

Supreme Judicial Court of Massachusetts,
Suffolk, May 24, 1913.

PIERCE VS. STATE NATIONAL BANK OF BOSTON.

The time within which a certificate of deposit must be presented is the time limited for bringing an action.

LORING, J.: This is a suit in equity to collect a certificate of deposit issued in 1859, on which a demand for payment was made thirty-six years later (to wit, on November 17, 1895), but not before, and where the suit to collect was begun 47 years later (March 7, 1906). The present suit had its origin in a writ dated March 7, 1906, which by leave of court was amended into this bill in equity. It is based on the claim that the Hide & Leather Bank which issued the certificate was a State bank, which was re-organized under the same name as a United States bank (and so liable for the debts of the State bank under the rule applied in *Atlantic Bank vs. Harris*, 118 Mass. 147), and that later the United States bank and the Hide & Leather Bank became consolidated with the defendant bank on terms which made that bank liable for its debts.

The certificate is in the following words: "Certificate of Deposit, \$1,324. Boston, July 19, 1859. Jacob Chase, Esq., has deposited in the Hide & Leather Bank thirteen hundred twenty-four no/100 dollars payable on the return of this certificate, to his order indorsed on the same. [Signed] J. S.

March, Cashier." The word "Original" appeared printed or written across the face of the certificate.

[1] It was decided in *Shute vs. Pacific National Bank*, 136 Mass. 487, that while a certificate of deposit has for the most part the incidents of a promissory note it differs from a promissory note payable on demand in at least one respect, namely: It is not overdue until after a demand for payment is made and so it is not subject in the hands of a subsequent holder to a set-off of notes due from the original payee under Gen. St. c. 53, § 10. For subsequent cases as to certificates of deposit see *Hunt, Appellant*, 141 Mass. 515, 6 N. E. 554; *Schmidt vs. People's National Bank*, 153 Mass. 550, 27 N. E. 595.

[2] The purpose and use of certificates of deposit (using that term in the proper sense) is to transmit funds and make payments. In this respect certificates of deposit are like certified checks. See for example *Merchants Bank vs. State Bank*, 10 Wall. 604, 648, 19 L. Ed. 1008, where the two are classed together. An example may be found in a case where a person has occasion to make a payment in his own city or town or to transmit funds to another city or to another country. He does not want to carry or send gold or notes which are a legal tender. Again he cannot expect his own check to be taken in payment. Under these circumstances he deposits in a bank the sum to be paid or transmitted and procures a certificate of deposit (in the form set forth above), or he draws his check and procures it to be certified by the bank or he procures a cashier's check on a bank in the place where the payment is to be made. Then by indorsing the certificate of deposit the certified check or the cashier's check to the person to whom he wishes to make the payment or transmit the money, he effects his object with ease and safety. It is apparent from this that the function performed by a certificate of deposit is one which contemplates a presentation of it for payment within a

short time. The bank has the use of the money deposited so long as the certificate is outstanding, while the person who holds the certificate gets no interest on the sum it represents. The general rule, therefore, is applicable, namely, that the time within which a demand must be made is the time limited for bringing an action. *Campbell vs. Whoriskey*, 170 Mass. 63, 67; *Downer vs. Squire*, 186 Mass. 189; *Whitney vs. Cheshire Railroad*, 210 Mass. 263. The plaintiff has contended that the period of limitation applicable to a certificate of deposit issued by a bank is fixed by R. L. c. 202, § 1, at twenty years, and not by R. L. c. 202, § 2, at six years. It is not necessary to decide whether this be so or not; no demand was made until thirty-six years after the date of the certificate; in either event the demand was too late.

There are to be found in the books instances where instruments have been issued in the form of certificates of deposit payable on demand, which serve a different purpose and are subject to a different rule. These are certificates which are issued for money borrowed and which carry interest. An instance is to be found in *McGough vs. Jamison*, 107 Pa. 336. There the deposit was made in "Parker's Savings Bank" and a certificate like the certificate here in

question was issued which bore interest at five per cent. "if left six months." The purpose of a negotiable receipt for money borrowed is a continuing loan of money. Although the paper issued in that and similar instances is in its terms like a certificate of deposit, it is speaking with accuracy, a negotiable receipt for money borrowed and not a certificate of deposit. The transaction is in substance the same as that in *Campbell vs. Whoriskey*, *ubi supra*, and the result to be reached is not affected by the fact that the person with whom the deposit was made as an investment issued a negotiable receipt payable with interest in place of a non-negotiable one as was done in *Campbell vs. Whoriskey*. For these reasons the same conclusion was reached in *McGough vs. Jamison* that was reached in *Campbell vs. Whoriskey*, namely, that the general rule did not apply and consequently that it was not necessary to make a demand within the statutory period for bringing an action. *Finkbone's Appeal*, 86 Pa. 368, on the authority of which *McGough vs. Jamison* was decided was in substance a similar case.

It follows that the bill must be dismissed with costs.

So ordered.

Distribution of Corporation Shares

CONTRARY to the general opinion, the popularity of railway and other corporate shares tends to a constant widening of the ownership of these shares. The multiplication of corporations and the better knowledge of them being obtained generally tend to place the ownership of the railway and industrial enterprises in the hands of the people. An instance of this is afforded in the following report recently issued by the Pennsylvania Railroad Company:

The August 30 dividend of the Pennsylvania Railroad Company was mailed

to-day to 85,310 shareholders. This represents an increase during the past six months of 9,851 shareholders and is the largest number of people who have ever received a Pennsylvania Railroad dividend.

Of the shareholders, 40,824, or nearly forty-eight per cent., are women, who own over twenty-seven per cent. of all the stock in the company. The total amount of the current dividend is \$7,408,082.25, and of this amount women receive \$2,020,903.

While during the past six years the total number of shareholders has in-

creased from some 45,000 to upwards of 85,000—an increase of about 40,000—the number of women whose money has been invested in the stock of the company has increased from 21,028 to 40,824—an addition of nearly 100 per cent.

The par value of the present share capital of the Pennsylvania Railroad Company amounts to \$493,872,150. This includes an addition of \$89,994,200 since last May. Of the \$45,887,795 new stock authorized to be issued,

all but \$5,393,595, or about eleven per cent., has been fully paid in, although subscribers had the option of waiting until November 29th, 1913, to pay up in full. The balance of the amount of stock authorized, i. e., \$5,393,595 is being held for issue when fully paid.

The capital stock of this company is divided into 9,877,443 shares, and the average holding is almost 116 shares—a decrease of four shares per average holder during the past six months.



H. J. DREHER

PRESIDENT AMERICAN INSTITUTE OF BANKING

AT the recent convention of the American Institute of Banking held at Richmond, Va., H. J. Dreher of Milwaukee was elected president of the associated chapters. His banking experience is thus summarized:

Entered the employ of the First National Bank of Milwaukee as a bank messenger in 1903. Left the employ of the First National Bank in 1909 as teller.

Entered the employ of the Marshall

& Ilsley Bank in 1909 as an assistant in the bond department.

Became manager of the bond department of the same bank in 1911.

Appointed assistant cashier of the Marshall & Ilsley Bank in January, 1913, retaining the management of the bond department.

Mr. Dreher is a holder of the Institute certificate and was twice president of Milwaukee Chapter.

INVESTMENTS

Conducted by Franklin Escher

The Root of the Trouble

Modernism, Civilization and the Hot-House Growth of Epicureanism Among the People—That's the Answer

By LOUIS ALBERT LAMB OF A. G. EDWARDS & SONS.

IT makes us think of the witticism spoken by one of Dickens' people—"Income twenty shillings, outgo nineteen shillings: Result, Happiness. Income nineteen shillings, outgo twenty shillings: Result, Misery."

"What's the trouble?" Well, it simmers down to this. That the world—nations, cities, corporations, families, and individuals have been trying to strike a balance with twenty shillings spent and only nineteen shillings of current revenue! That's the trouble.

Reports to the Treasury Department at Washington indicate that the principal countries of the world have state debts amounting to about \$42,000,000,000. It requires nearly \$1,700,000,000 a year to pay the interest and other charges annually accruing on this enormous liability.

These countries have annual revenues of about \$11,600,000,000 and government expenditures totaling nearly \$11,700,000,000—showing a deficit of, say, \$100,000,000 a year. That's enough of a deficit to cause a little worry.

The foreign commerce of the world's chief countries, in and out, makes an annual total of about \$36,000,000,000. Of course, this figure represents the surplus of production, after supplying consumptive demands at home. The total annual output of commodities may run above \$100,000,000,000. When we try to translate this into terms of fixed capital, representing the means and instrumentalities of such a total yearly commerce, we are appalled by the magnitude of the estimates. In

comparison with it the government debts of the world sink into insignificance. It may be \$200,000,000,000. All estimates must be guesses; but the total is stupendous.

Behind this inconceivable mass of balanced assets and liabilities, government debts, and private credits, the Director of the Mint finds gold in banks and public treasuries amounting to about \$5,167,600,000; silver \$2,621,200,000; and uncovered paper money, \$3,567,500,000.

The \$5,167,600,000 of gold shown in reserves appears to be about one-third the total amount produced since the discovery of America. The rest has disappeared from monetary and credit channels, where it would be of inestimable service just now; and so far as commercial benefits are concerned, it might as well be in the abysses of the Pacific Ocean.

OUR EXPANSIVE DESIRES.

What's the trouble? The trouble is Civilization. The trouble is that the expansive nature of human ambitions, once given a glimpse of "things more excellent," outruns any possible material container. Of the Philosopher Kant, our own Elbert Hubbard said that in his whole lifetime he did not travel more than eighty miles from his birthplace; but people nowadays are not like Kant. It requires more than 666,000 miles of railway to carry the world's passengers and freights, and the demands for better transportation everywhere on land and sea is imperative. About 13,000,000 telephones are



Capital and Surplus \$10,000,000

ESTABLISHED 1857

DEPARTMENTS

**COMMERCIAL . SAVINGS . TRUST . BOND
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THE MEASURE OF SERVICE

SAFETY and yield so largely govern the choice of an investment that the greatest care should be exercised in securing a proper combination of those two elements. Ample security and an equitable interest return, with reasonable convertibility, provide the satisfactory investment.

Get 6% and Safety and your money will render you full service.

A-R-E Six's, the Gold Bonds of the American Real Estate Company, meet the requirements of security, yield and convertibility. They are based on the ownership of New York real estate, which by its record is one of the safest and most profitable mediums in which money has ever been invested. They have paid 6% and matured at par for more than 25 years, during which time they have returned to investors more than \$11,000,000 in principal and interest. They are issued in these two convenient forms, making them adaptable for large or small investments.

6% COUPON BONDS

In denominations of \$100, \$500, \$1000 and upward, paying interest semi-annually by coupons attached. Principal payable in 10 years.

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For those who wish to save \$25 or more a year, and accumulate \$1000 and upward in 10, 15 or 20 years. Purchasable by annual, semi annual or quarterly instalments, bearing interest at the rate of 6% per annum.

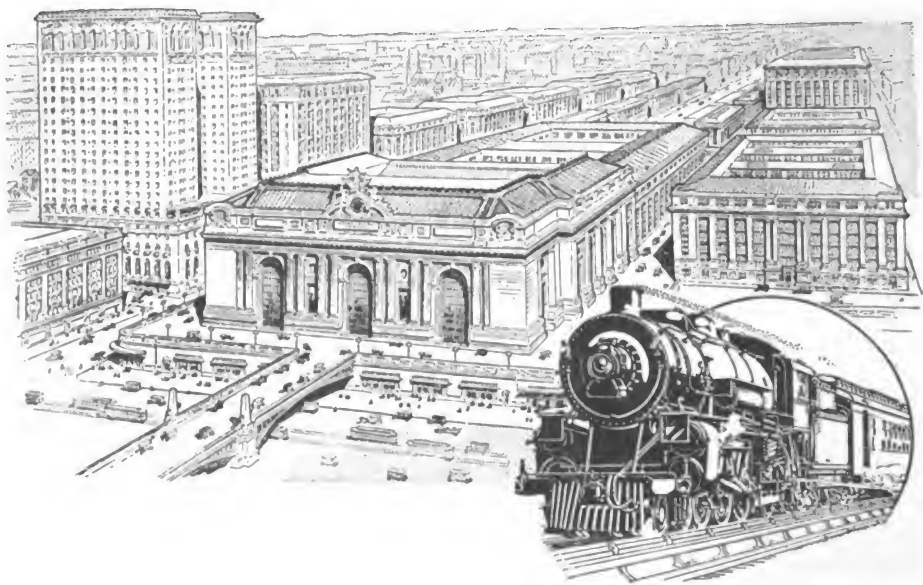
Printed matter, fully describing both forms of Bonds, map of New York City, etc., will be sent on request.

American Real Estate Company

Founded 1888

Assets \$27,202,824.19
527 FIFTH AVENUE,

Capital and Surplus, \$2,188,805.50
NEW YORK



20th Century Limited

—the most famous train in the world
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Lv. New York 2.45 p.m.

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*You
Can
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BANKERS

Dealers in High Grade Railroad Bonds

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in use in the world and many times that number are needed. The telegraph lines cover 1,400,000 miles with 6,000,000 miles of wire. The post offices give mail service totalling almost 1,800,000,000 miles annually, and transmit about \$7,500,000,000 a year in the form of money orders.

In the old days comfort was a mode of sinful indulgence—a bond of attachment to things temporal and mundane—to be frowned on as diverting attention from the Holy Felicity of Heaven. Education except as an avenue to holy orders was *de trop* except for the rich. Sanitation was luxury and a substantial act of unfaith in the wisdom and mercy of Providence. Fine apparel was a mode of deifying the flesh and exalting temporal appearances to the prejudice of eternal interests. Ornate houses, meubles, art objects, equipages, Persian rugs, Sheraton, Chippendale, Adam, Boulle—all devices to centre the mind on earth—were not to be thought of except by the favored few.

Civilization is the matter. Everybody the world around has had a taste of modernism and demands more. Instead of regarding work as the end of life, most people regard pleasure as the prime object. Labor used to be the theme of poets; and contentment the “far-off ideal.” Now leisure is the ideal and discontent the universal passion of mankind.

Having tasted the sweets of “tinned music,” as they say in the Congo Hinterland, everybody wants a phonograph

or a player-piano—on the installment plan if the house will not stand an immediate draft. Having in view the careless ease of city nights, youth deserts the farm and troops to store, factory, or selling force. To live by one’s wits is honorific. To live by muscle is to concede inferiority. “White Collar” jobs are in request. Farm labor is as scarce as the austere faith of Plymouth Rock.

Saving was a cardinal virtue when Ben Franklin was alive. It was supposed to have some correspondence with sterling character. To-day, with most people, it is only a necessity—a bitter compulsion to stave off possible want between “jobs” or to meet “payments” on some extravagant purchase.

“*Panem et circensem!*” it was in Rome. And “Bread and the circus!” is the cry of the modern populace. “Short hours, big pay and plenty of picture shows! Never mind the future! We may be dead to-morrow!”

THE DECLINE OF FAITH.

It is not fashionable to speak of religion as an economic factor; but, fashionable or not, no honest observer can gainsay the fact that the decay of faith among men has contributed not a little to the “trouble” of which we are speaking. So long as mankind in general had faith in a personal God, belief in future rewards, and assurance of final salvation through Divine Grace there were powerful checks in the way of reckless living, wild borrowing, insane spending, and blind determinism



The American National Bank

SAN DIEGO, CAL.

Capital	\$200,000.00
Surplus and Undivided Profits	178,000.00
Total Resources	2,400,000.00

J. W. SEFTON, Jr., Pres.

I. ISAAC IRWIN, Vice-Pres.
C. L. WILLIAMS, Cashier

L. J. RICE, Asst. Cashier
T. C. HAMMOND, Asst. Cashier

Q A new building, the best equipment, an able and experienced staff of officers and employees—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

in conduct. Having lost the fine flower and potency of ancient faiths, the populace—the proletariat of the world—has taken resort in socialism, radicalism, syndicalism, unionism as the only agencies by which the ills of materialistic living and thinking may be corrected. Unfaith and envy are sisters, and revolutionary ideas are cousins-german to both.

By the same inevitable association of opposites which set up the guillotine within eye shot of the "*alcoves de volupte*," we have combined in our industrial leaders the most paternal benevolence and the most vulturine cupidity and shrewdness. These men of vision, of genius, of wonderful driving force have done the impossible and have transformed the planet for the indubitable benefit of mankind. They were the unconscious tools of the cosmic urge, or *elan*, using the corporate means at hand with utter boldness to cross deserts, pierce mountains, exploit resources, and banking the profits, while the glamor of their achievements was on the public vision.

But their works are not immune from calumny any more than they; and the jealousy of the proletariat is inflamed against what the people most applauded in 1879, 1898 and 1901. The demi-gods of corporation creation in 1898 are anathema now; and the mergers which were to usher in the "coöperative commonwealth" are mara-natha now! Such is the story of the craze for disruption, regulation and reform.

Civilization must rest on confidence and not on cupidity if it is to last. Modernism if it is mere materialism is not worth while. Regulation is not rapine.

PERSONAL REGULATION NEEDED.

As long as great masses of mankind want certain things—whether for pleasure, or profit, or gain, or loss makes no difference—there will be daring *entrepreneurs* to supply those things. Alert men will get rich, and combine, and employ their massed brains and money to augment their power. Regulation of popular desires, individual self-control, repression of personal extravagance, common sense living, are the urgent needs rather than regulation of industry, corporate wealth, and business activity.

The trouble is this: All the world wants things beyond its immediate purchasing power, and it has mortgaged the future so recklessly that lenders are aghast and decline to make further loans except at ruinous premiums.

We have learned, lately, that luxuries must be paid for. It is impossible, without creating public debts, to have fine schools, grand cities, superdreadnoughts, splendid armies, spectacular wars (with moving-picture men in the van), unlimited water supplies, irrigating dams, Panama Canals, brick pavements, free golf links, tennis courts in every park, and orchestral music *al fresco gratis*. It is impossible, without enlisting new capital and credit resources, to have an unfailing supply of all luxuries and new neces-

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

sities one sees advertised in the magazines. If the people want automobiles they must pay the charges on the capital invested in motor plants—they must pay more for shoe leather—they must pay more for gasoline—they must expect to pay more in an endless chain for every luxury they indulge in. The whole range of "Supply and Demand" is involved.

The people everywhere have been insanely desirous of thousands of excellent things provided by the gods of science, technology, industry and advertising. The populace has been deliriously anxious to taste the sweets of leisure, luxury, and pleasure. In general, the masses have gone as far as possible to obtain these baubles. Pub-

lic administration has followed the same urge, borrowing at a reckless rate and paying pawnbrokers' interest. Corporations have done the same.

There had to be an end somewhere.

At last the world woke up to the fact that it had drawn down to the danger line all the liquid capital left by wars, calamities and extravagance.

Enforced liquidation was the only remedy. It has been in progress for months. Everybody hopes it is nearing an end. Great hardship has been forced upon many people, but hardship was the penalty the world had to pay for trying to go too far "on tic." Let's slow down for a while and save a dollar or two. A period of Ben Franklin thrift will work wonders.

The Ethics of Investment Banking

BY S. W. STRAUS OF S. W. STRAUS & CO.

AN English merchant visited the United States, and commented on the low standard of commercial ethics, according to his own ideals, in selling goods in this country. "Look at that show window," said he, pointing to a haberdashery, "that sign says, 'Imported Madras Shirtings.' Now, that is my own line of business, and I know imported Madras when I see it. Those shirtings are *not* imported. They are a fair grade of domestic goods. That sign is a deliberate attempt to deceive the public, a deliberate lie and an attempt to profit by the lie."

It was pointed out to the Englishman that the store in question was a second grade store and that its announcements deceived no one.

"No fraud is worked on the public because everyone knows it is impossible to buy at retail a shirt made from imported goods for \$1.25," it was explained. "The public knows and the man that sells those shirts knows the public knows." The Englishman's only comment was, "What an extraordinary people!"

Yet the standard of commercial ethics is rising in all lines of business. Not long since a large haberdashery store advertised along this line: "It is our policy to make customers and keep them by selling them none but honest goods at a fair price, and by helping them select articles best suited to their needs. It is not our policy to make temporary profits at the expense of

J. K. RICE, Jr., & CO., BUY AND SELL

Singer Manufacturing Stock
Autosales Gum & Chocolate Stock
American Meter Stock
Atlantic Fruit & S. S. Stock
Bordens Milk, Com. & Pfd. Stock
Childs (Rest.) Com. & Pfd. Stock

Computing-Tabulating Redg. Stock
DuPont Powder, Com. & Pfd. Stock
International Nickel, Com. & Pfd. Stock
Lackawanna R. R. of N. J. Stock
Mohawk Valley Stock
National Lt., Ht. & Power, Com. & Pfd. Stock

Phones 7460 to 7466 Hanover **J. K. RICE, Jr., & CO.** 36 Wall Street, New York

our customers by selling them unworthy goods or charging them other than a fair price." And in this instance, the advertisement told the truth, and set out the spirit of that commercial organization fairly and honestly.

There are other signs that the spirit of moral responsibility, which is the foundation of the business ethics of investment banking, is slowly gaining a headway in the business world.

TWO KINDS OF MERCHANTS.

Of course, since the dawn of commerce there have been two kinds of merchants. Every community has stores whose word may be depended on and whose customers are sure of getting nothing but honest goods at an honest price. Unfortunately, such commercial organizations as these have not always been a rule. There would have been no reason for the pure food agitation of the last few years if some short-sighted business men had not tried to sell cottonseed oil under an olive oil label, and pigs' knuckles for minced chicken.

Entirely apart from the moral question involved, such a policy is mighty poor business. No one can deceive all the people all the time, as Abraham Lincoln pointed out, and the only real way to build up a business is to build it on a foundation of service rendered and value given. It is, to say the least, injudicious to sell a class of goods that turn prospective friends into enemies, and when a customer will buy only once and never again.

America's greatest merchant laid the foundation of his fortune, not so much on his own financial shrewdness, as on his policy, "your money back if the goods are not satisfactory." This policy has been the rule in the great busi-

ness he founded for half a century. It is an eloquent policy. It means honest goods for fair prices; it means careful investigation before the goods are purchased and willingness to serve the customers' interests before and after purchase. As a result of this policy, the great department store this merchant founded keeps its customers year by year, decade after decade and generation after generation, and anyone buying goods from that store is certain of getting value received.

BANKER AND BROKER.

The business of investment banking is founded on a standard of ethics even higher than this. The relations of the investment banker to his clients are peculiar relations, because he is not merely a merchant buying and selling securities, but because he also occupies a position of trust similar to that of the lawyer or the doctor. In a moral, if not a legal sense, he is the agent of the investors who act upon his advice and place their funds through him.

It is an unfortunate fact that a great many people confuse the functions of the investment banker with those of the mere broker, and a study of recent blue sky legislation shows that this confusion reigns powerfully in the minds of the politicians who control our State legislatures.

The broker is a mere commission merchant. He buys and sells in the open market whatever his customer may wish, charging, commonly, one-eighth of one per cent. for his services. He has no moral responsibility. He does not endorse, even in a moral way, the investments he may purchase for a customer. If loss is incurred, the broker is by no means to blame.

The position of the investment banker is radically different. His reputation and the reputation of his House is bound up in the success of the securities he sells. His first aim is to provide his clients with safe investments which bear a fair rate of interest. He purchases these investments after careful investigation in wholesale amounts, rejecting those which fail to reach the standards of safety he has set. Surrounding these investments with every safeguard his experience and the experience of his legal counsel dictate, he sells them at retail to the investing public.

He must stand sponsor for those bond issues which his House handles alone and with which its name is indissolubly bound up. If these "specialties" are not listed in the stock exchanges—and the great majority of sound bond issues are not listed—he must maintain a market for them for the accommodation of his clients. He must exercise supervision to make certain that the interests of his clients are protected, not only before the loan is sold, but after it is sold and throughout its life until its final maturity.

THE BANKER'S MORAL RESPONSIBILITY.

An enlightened public opinion regards savings bank deposits as something almost sacred and insists that every possible precaution be taken to safeguard the savings of those who have placed their hard-earned funds in these banks. A similar attitude in public opinion is gradually crystalizing in regard to investment bonds, but it might be said, also, that this attitude is due chiefly to the attitude of the better American investment houses.

If savings bank deposits are to be regarded as something almost sacred, certain investments in sound bonds are to be regarded as equally so. For this reason the moral responsibility resting on the organization of the modern investment house is a heavy one. The man who is lacking in this sense of moral responsibility has no business in an investment organization, and, be it

said to the credit of American investment bankers, there are few among them who lack this sense.

The standard of ethics in this profession, already high, is rising steadily. Nearly all those organizations whose dealings showed the lack of this sense of moral responsibility have already passed out of existence.

One of the chief functions of the investment bank consists in serving and advising its clients. Such advice is given without cost. If there is any other profession whose members give advice on important matters without fees, and sometimes heavy fees for their services, memory does not recall it at this moment. Yet the investment bank regards advising its clients, on request, as simply a part of the day's work and a part of the service it must render, without direct monetary return.

Chiefly through the efforts of the investment bankers of America, this is fast becoming a nation of investors. More and more the American public is coming to realize that in dealing with the better grade of investment houses it is dealing with institutions which safeguard their clients' interests and whose aim is not immediate profit, but

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American Bank Note Pfd.	49	51
American Brass	133	138
American Chiclé Com.	206	211
American Chiclé Pfd.	94	97
American Dist. Tel. of N. J.	58	63
American Express	116	121
Atlas Portland Cement Com.	35	50
Atlas Powder Co.	133	...
Autosales Gum & Chocolate	12½	15½
Babcock & Wilcox	101½	103½
Borden's Condensed Milk Com.	115½	117½
Borden's Condensed Milk Pfd.	105	108
Bush Terminal	45	55
Celluloid Company	129	134
Childs Restaurant Co. Com.	125	145

	Bid.	Asked.
Childs Restaurant Co. Pfd.	103	105½
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Del., Lack. & Western Coal	260	250
E. I. du Pont Powder Com.	124	128
E. I. du Pont Powder Pfd.	55	58
Empire Steel & Iron Com.	13	18
Empire Steel & Iron Pfd.	29	35
General Baking Co. Com.	15	20
General Baking Co. Pfd.	60	65
Hercules Powder Co.	103	...
Hudson Companies Pfd.	15	20
Hudson & Manhattan Com.	2	...
Hudson & Manhattan Pfd.	4	...
International Nickel Com.	119	121
International Nickel Pfd.	103	106
International Silver Pfd.	115	123
Kings Co. E. L. & P.	116	120
New Jersey Zinc	525	575
New York Railways	18	26
Otis Elevator Com.	75	77
Otis Elevator Pfd.	94	97
Phelps, Dodge & Co.	195	205
Pope Mfg. Com.	9	11
Pope Mfg. Pfd.	30	35
Remington Typewriter Com.	39ex	42ex
Remington Typewriter 1st Pfd.	98ex	101ex
Remington Typewriter 2d Pfd.	96ex	100ex
Royal Baking Powder Com.	175	185
Royal Baking Powder Pfd.	103	105
Safety Car Heating & Lighting	110½	112½
Sen Sen Chiclet	112	115
Singer Mfg.	296	301
Standard Coupler Com. ....	...	35
Union Ferry	25	30
U. S. Express	41	45
Virginian Railway	15	19
Wells Fargo Express	86	90
Western Pacific	7½	9

SAFE DEPOSIT

Military Protection for New York's Treasure

WITHIN a very limited area of New York city there lies in bank safes and safe deposit vaults treasure in the form of cash and securities whose value runs up into the billions.

Lately a petition was sent to Washington, signed by many New York bankers, asking that the United States military reservation at Governor's Island be suitably equipped as a regimental post. One reason for this petition was the desire to have adequate military protection within easy reach of the New York financial district in case of a great disaster—such as flood, fire or earthquake—and also to guard against the damages of attack from mobs. This latter danger seems, of course, a remote one, but it is by no

means unwise to prepare for the unexpected.

While some of the vaults designed for the protection of this form of property are no doubt out of date, and others even of modern construction would not long resist attack, many of the great vaults recently constructed do afford a maximum of safety.

The dangers from great physical catastrophes and from mob attack are manifestly enormously greater than those due to the assaults of burglars. A mob, for example, might be in such numbers as to have almost unlimited time to reach the valuables in a vault, while a burglar must, as a rule, do his work quickly.

Although, as stated, the possibility

of mob attack on banks either in New York or elsewhere is remote, the precaution of having a sufficient military force within easy reach is only a reasonable one. The danger of flood, fire, or even of earthquake, is by no means to be overlooked. In the face of any of those calamities adequate military protection is of great service.

The elaborate and costly measures taken for the protection of property may almost be considered as a gauge of human advancement. There is much loose talk in these days of placing the man above the dollar; but unless the dollar and its property representative are conserved, "the man" will never get very far along the road of progress.

Free Safe-Deposit Facilities

WHEN large numbers of strangers visit a city, as on the occasion of conventions which now play such an important part in American life, safe-deposit organizations have an opportunity of extending courtesies which are no doubt much appreciated by visitors.

During the recent National Encampment of the Grand Army of the Republic at Chattanooga, Tenn., the Hamilton National Bank and the Hamilton Trust and Savings Bank offered the free use of its vaults to the Grand Army men and their friends.

Viewed from a purely business standpoint, a courtesy of this character is likely to be worth many times its cost, purely as an advertisement.

Temporary Use of Safe Deposit

VACATION seasons offer an opportunity of gaining considerable business of a temporary character—a form of business usually more expen-

sive to care for than the ordinary run of custom, but still containing some possibilities of profit.

There is another form of temporary accommodation of this kind which may be worth investigating; that is the transient demand for safe-deposit facilities by hotel guests. True enough, facilities of a more or less primitive sort are already furnished by most hotels, but they are probably less satisfactory on the whole than those which a well-equipped safe-deposit establishment affords.

People travelling are especially solicitous about money, jewelry or other valuables they may have with them. Not infrequently they fail to avail themselves of the safes of the hotels for fear they are getting a service for nothing, and perhaps for other reasons.

Where safe-deposit vaults are located in the vicinity of large hotels their business might be increased from the source indicated. It is a kind of business the hotels would be very glad to lose.

An Improper Use of Safe-Deposit Boxes

THERE are so many uses to which the safe-deposit box may be wisely put that it seems a bit far-fetched to "dig up" one of the other kind.

Reference is made to the habit some people have in putting cash in their safe-deposit boxes and keeping it there indefinitely.

Of course, this is a better place for money than under the carpet, in the stove, or other domestic hiding-places where it is likely to be lost or stolen; but the best place is in a bank.

Managers of safe-deposit vaults not infrequently have opportunities of tactfully bringing this fact to the attention of hoarders of money who do not trust banks. This distrust is not confined to rural localities, nor is it always displayed by the poor and ignorant. In times of panic especially many wealthy and intelligent persons

withdraw their money from banks and lock it up in safe-deposit boxes. Such action is sometimes taken through fear, but in some cases it is done in order that the currency may be on hand to be sold by the owner at a premium.

Where a bank and safe-deposit business are connected it is manifestly in the interests of the bank for the man-

ager of the safe-deposit department to do whatever may be properly done to discourage such selfish action.

In ordinary times, one who thus locks up his money is not only depriving the banks and the commercial community of that much cash, but he is also subjecting himself to a loss of interest.



A. H. WALKER

GENERAL MANAGER STERLING BANK OF CANADA

RECENTLY F. W. Broughall resigned as general manager of the Sterling Bank of Canada and was succeeded in that office by A. H. Walker, who for the past four years had been chief inspector of the bank and has

had an extensive experience in Canadian banking.

The Sterling Bank now shows a rest and undivided profits account of \$397,660, or thirty-five per cent. of the capital.

New Currency Bill a Slap at the Country Banks

AS the so-called "country banks" vastly outnumber banks of all other classes, it is interesting to see how the new currency bill will affect them. This is how it is figured out in a communication published in the "Wisconsin Banker," by J. W. P. Lombard, president of the National Exchange Bank, Milwaukee:

"I will confine what I have to say to the requirements of the bill as to reserves (that being the part, if it can be complied with at all, that most seriously threatens the business of the country) and also to showing the falsity of the claim that we see repeated again and again—that this bill is antagonistic to the 'big banks' of the central reserve cities and favorable to the country banker.

"I am one of those who believe that there is no necessity for an increase of currency issues in this country; that our present volume of currency is sufficient to take care of a largely increased business over what we now have, if it could all be made available. The barrier to such availability is the reserve requirements of the National Bank Act.

"One would naturally suppose that a bank reserve was money locked up to be used in an emergency, but under our present system when an emergency arises they put an extra lock upon the reserve chest.

"Any panic we have had in the last fifty years could have been stopped if the banks had been allowed to use their reserves freely at the first sign of trouble.

"This question of reserves seems to be the stumbling block of all attempts at currency legislation.

"The new bill is even more drastic than the National Bank Act in its reserve requirements, but a clause has been inserted in the bill giving the Federal reserve board power to 'Waive all and every reserve requirement' for certain limited periods. This shows a de-

cided lack of faith in the successful working of the other parts of the bill. If a clause of this nature were added to the present banking law the difficulties of our present position would be practically removed.

"The people have been led to believe, by the statements of the sponsors of this bill and by the newspaper accounts of its provisions, that the bill was antagonistic to the 'big banks' in the central reserve cities and favorable to the country banks. The truth in regard to it is just the opposite of this. It favors the central reserve bank and places the burden of carrying out its provisions upon the reserve banks (not central reserve) and the country banks.

"The requirements as to reserves is the factor that brings about this state of things. Under the present law country banks are required to keep reserves of six per cent. of their deposits in cash in their vaults and nine per cent. in reserve banks. The six per cent. is practically dead money, of no benefit to anyone as far as the ability to use it is concerned. The nine per cent. in reserve banks is really liquid assets. Although its amount cannot be reduced only as deposits decrease, it yet furnishes the means for the transaction of a greater part of the bank's business. It is being constantly transferred from one city to another to meet the immediate wants of the day, and is the basis upon which the banks receive favorable rates of exchange and adequate lines of rediscounts. There is not one bank in fifty that could reduce its balances with reserve banks even if they could not be counted as part of its reserve. These balances are a necessity to its business.

"The reserve banks are in the same situation as the country banks except as to the percentages of reserve required in cash and in central reserve banks—and in both cases in addition to the original deposit of three per cent. a deposit of two per cent. of their de-



W. H. BUCHHOLZ
VICE-PRESIDENT OMAHA NATIONAL BANK

As an officer of one of the large Western banks Mr. Buchholz is in close touch with many of the country bankers of his section. He reports that the bankers of his State are generally opposed to the Glass-Owen banking bill in the form in which it passed the House.

posits must be made in Federal reserve banks after fourteen months.

"The central reserve banks are now required to keep their whole twenty-five per cent. reserve in cash in their vaults where it is all dead money, and to require them to deposit three per cent. of this reserve, or even the whole twenty-five per cent. in Federal reserve banks, would not be any hardship to them and would not decrease their loaning power in the least.

"After sixty days they are allowed to reduce their cash reserves from twenty-five per cent. to twenty per cent., thereby increasing their loaning power five per cent. of the amount of their deposits.

"The reserve banks (not central reserve) are required to deposit three per cent. of their deposits in the Federal reserve banks. This would decrease

their loaning power three per cent. of their deposits, but this bill reduces the percentage of cash reserve required from twelve and one-half per cent., as now, to ten per cent. of their deposits, thus increasing their loanable power two and one-half per cent., leaving the net decrease in loaning power one-half of one per cent. of their deposits and after fourteen months an additional two per cent., making the total decrease for the first three years four per cent.

"The country banks have their loaning power decreased by reason of their deposit in Federal reserve banks—three per cent.—but their cash reserve is reduced from six per cent., as now, to five per cent., thus increasing their loaning power, one per cent., leaving the net decrease in loaning power at two per cent. of their deposits, and after fourteen months an additional decrease of

Changes made in the loaning power of banks under this bill during the first three years:

Central reserve banks (New York, Chicago and St. Louis).

Increased by 5% reduction in cash reserve.....	\$102,500,000.00
Decreased by subscription to capital stock.....	18,400,000.00
Net increase in loaning power	\$84,100,000.00

RESERVE BANKS.

Decreased by reserve requirements $2\frac{1}{2}\%$ of deposits.....	\$58,600,000.00
Decreased by subscription to capital stock.....	26,000,000.00
Total decrease in loaning power	\$84,600,000.00

COUNTRY BANKS.

Decreased by reserve requirements 4% of deposits.....	\$146,920,000.00
Decreased by subscription to capital stock	60,094,000.00
Total decrease in loanable power	\$207,014,000.00

ALL BANKS.

Net decrease in loanable power for first three years.....	\$207,514,000.00
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Changes made in the loaning power of banks under this bill at the end of three years, when all reserves become dead money and must be kept as cash in the vaults of the bank or as deposits in the Federal reserve bank.

CENTRAL RESERVE BANKS.

Increase by reserve requirement being reduced.....	\$102,500,000.00
Decrease by subscriptions to capital stock.....	18,400,000.00
Net increase in loanable power	\$84,100,000.00

RESERVE BANKS.

Decrease by reserve requirements $7\frac{1}{2}\%$ of deposits.....	\$175,800,000.00
Decrease by subscriptions to capital stock.....	26,000,000.00
Total decrease in loaning power	\$201,800,000.00

COUNTRY BANKS.

Decrease by reserve requirements 9% of deposits.....	\$330,570,000.00
Decrease by subscriptions to capital stock.....	60,094,000.00
Total decrease in loaning power	\$390,664,000.00
All banks net decrease in loaning power.....	508,364,000.00

two per cent., making the total decrease for the first three years four per cent.

"The accompanying table shows the changes in loaning power, of the three classes of banks, that would be caused by complying with the requirements of the bill as to deposits in Federal reserve banks and subscriptions to the capital stock.

"You will note that the loaning power of the big banks (central reserve banks) is increased eventually \$84,100,000.00, while the loaning power of country banks is decreased \$390,664,000.00 and the loaning power of reserve banks (not central reserve) is decreased \$201,800,000.00.

"We have heard much of the many excellent changes from the present law that are made in this bill, and our attention is especially called to two of these changes. One is that allowing banks to have foreign branches and the other that allowing banks to accept bills of exchange drawn upon them, growing out of transactions involving the importation or exportation of goods.

"You will note that these changes

affect only a very few of the banks and those few the largest in the country. I believe there is one change that is supposed to be in the interest of the country banks—I wonder whose fertile brain it was that conceived the clause in the bill that provides 'That any national bank, not situated in a reserve city, can make loans secured by mortgages on farm lands; provided that no such loan shall be made for a longer period than nine months, nor for an amount exceeding fifty per cent. of the value of the land.' Possibly this clause was intended only for advertising purposes!

"Further comment is unnecessary except to call the attention of the business men of the country to this alarming contraction of credit, and to the fact that only by calling loans can the banks comply with the requirements of the bill.

"It is some satisfaction to know that the drastic effects of this bill, in case it is passed in its present shape, cannot be felt immediately, and that we shall have nearly a year in which to prepare for the inevitable crash."

Our Banking Hampered by Legislation

WRITING in the London "Bankers Magazine" recently, Mr. Reginald Murray has this to say of the legislative restrictions placed upon our banking system:

In conclusion, I offer a few comments on money in the United States, which, of course, can be only of a general character, but which are based equally on experience and observation. The defect there, as in India, is inadequate circulation, but the causes are quite different. Although no country is more enterprising, or has a more exalted idea of credit, the banking system in which credit is centred is so tied up in small and jealous compartments, so hedged in by preventive legislation, so subject to an array of Government inspectors, that it has but a limited and insufficient power to collect

and distribute money and credit. The currency system is equally unresponsive to demand and supply. What is at the root of it all? Simply too much legislation. Why, I know not. But the evidence of it is to be found in every New York financial paper. Strict regulations may have been necessary to educate the adventurous exploiters of a new country, but the extraordinary thing is that it is not yet recognized that legislation imposed for the protection of ignorant people requires considerable modification when the people have no need of guidance. What was a guide becomes a stumbling block. When the young bird is full fledged it wants to fly, and if you clip its wings it cannot take its proper place in the world.



ARTHUR REYNOLDS
PRESIDENT AMERICAN BANKERS ASSOCIATION
PRESIDENT DES MOINES NATIONAL BANK,
DES MOINES, IOWA



WILLIAM A. LAW
FIRST VICE-PRESIDENT AMERICAN BANKERS
ASSOCIATION; FIRST VICE-PRESIDENT FIRST
NATIONAL BANK, PHILADELPHIA, PA.

Boston Bankers' Meeting a Great One

Unsurpassed Interest and Large Attendance

IN point of interest, the thirty-ninth annual convention of the American Bankers Association, held at Boston, October 6 to 10, probably surpassed any other convocation of bankers in this country, and the attendance was near the record-breaking point.

The hospitality extended by the banks, trust companies and by the City of Boston generally has not been excelled, if equalled, elsewhere. This hospitality was not only manifest in the great variety of sumptuous entertainments provided for the visitors, but was in evidence everywhere.

Boston gave to this meeting what no other city has perhaps done. It imparted to the convention a distinctive note

—an atmosphere, a flavor, what you will—which left a marked and agreeable impression on the thousands of bankers who were there.

The most complete and thoughtful provision was made for everyone's comfort and pleasure. Courteous attention met one on every hand. Even special arrangements had been made for quickly conveying baggage from the railway stations to the hotels, while every possible facility was afforded in getting visitors comfortably located.

WEATHER AN IMPORTANT FACTOR.

One of the uncertain elements of these annual gatherings of bankers is the weather. If the meetings are held



THOMAS P. BEAL
PRESIDENT SECOND NATIONAL BANK;
CHAIRMAN EXECUTIVE
COMMITTEE



WILLIAM A. GASTON
PRESIDENT NATIONAL SHAWMUT BANK;
EXECUTIVE COM-
MITTEE



DANIEL G. WING
PRESIDENT FIRST NATIONAL BANK;
EXECUTIVE COM-
MITTEE.



PHILIP STOCKTON
PRESIDENT OLD COLONY TRUST CO.;
EXECUTIVE COM-
MITTEE

in the summer the heat may greatly impair the enjoyment of the affair; if in the late fall or winter, the cold may make it impossible to carry out the programme of outdoor entertainment. This year the time fixed for the convention was the early autumn, when in most sections of the Union—and in New England certainly—the weather should be at its best. But this reasonable hope of good weather at Boston during convention week was not quite fulfilled. It is exceedingly doubtful, however, if the majority of those who were there gave serious concern to the weather; too many pleasant events kept them continuously occupied.

Those who were fortunate enough to arrive in the city on the Sunday which ushered in convention week, and to motor through the suburbs in the golden glory of the October afternoon took with them to their homes a memory of transcendent beauty. On the succeeding days, the trips to the North Shore, to Concord and Lexington and about the Fenway and parks were taken while a silver mist of grey enwrapped the town and the landscape.

On the last day the deity who presides over the winds and the rains became somewhat repentant and resolutely endeavored to wave the bankers a smiling and sunny good-bye, but finally gave up the attempt and relapsed into the tearful misty mood that had prevailed during the week.

THE ENTERTAINMENTS.

To enumerate the many splendid entertainments so lavishly and yet so judiciously provided by the bankers of Boston gives but a faint idea of their attractiveness. Motor trips to all points of interest, a reception and ball, lectures by distinguished men in Faneuil Hall, Old South Meeting House and Christ's Church, teas for the ladies, the concert of the Boston Symphony Orchestra, a sail to Nantasket with a shore dinner at Paragon Park, the carnival on the Charles River Basin, luncheons at Horticultural Hall, private receptions and entertainments in-

numerable, the courtesies of clubs, libraries and art galleries, numerous special entertainments by the banks—these are a few of the crowded delightful incidents of convention week at Boston.

If the impression has ever gone abroad that Boston was cold toward its guests,



J. F. SARTORI

PRESIDENT SAVINGS BANK SECTION AMERICAN
BANKERS ASSOCIATION
PRESIDENT SECURITY TRUST AND SAVINGS BANK,
LOS ANGELES, CAL.

that impression has been forever dissipated so far as the bankers are concerned, for in the many cities they have visited since the American Bankers Association was formed, they have never been entertained with truer or more generous hospitality than they received at Boston.

THE CONVENTION.

Many of the conventions in recent years have been perfunctory. The Boston convention was thoroughly alive. Its proceedings were almost as ani-



ALFRED L. RIPLEY
FIRST VICE-PRESIDENT MERCHANTS
NATIONAL BANK; EXECUTIVE
COMMITTEE



ALLAN FORBES
PRESIDENT STATE STREET TRUST CO.;
EXECUTIVE COM-
MITTEE



WILMOT R. EVANS
PRESIDENT FIVE CENTS SAVINGS
BANK; EXECUTIVE
COMMITTEE



HARRY L. AYER
SECRETARY EXECUTIVE COMMITTEE

mated as those of a political convention where rival candidates are contending for supremacy.

The assertion has been made that at some of these bankers' conventions the majority have run things with a high hand, paying scant attention to the rights of the minority. That assertion cannot truthfully be made of the meeting at Boston. Its proceedings were absolutely fair from start to finish. A full hearing was given to both sides on all matters coming before the convention. Mr. Reynolds as presiding officer acted throughout with absolute impartiality.

The proceedings were by no means perfunctory. In the currency discussion, the real opinion of the bankers was clearly brought out, while the conference on agricultural work, led by Mr. Chapman, showed that the bankers of the country are vitally concerned about improved farming methods. With such distinguished men as Hon. A. B. Hepburn and Hon. James J. Hill addressing the convention, the imputation heretofore heard that men of large calibre keep away from the conventions has surely lost any force it may have had.

An event of no small significance was the assembling of the country bankers in mass meeting to take action on the currency question.

A GLIMPSE OF THE PROCEEDINGS.

The convention opened with addresses of welcome by Mayor Fitzgerald and by Thomas P. Beal, president of the Second National Bank of Boston, president of the Boston Clearing-House Association and chairman of the executive committee in charge of the convention.

Mayor Fitzgerald, in welcoming the convention officially, paid this tribute to Boston banking:

In welcoming the American Bankers Association to Boston I find an official duty of particular pleasure. As a meeting place for this convention the selection of Boston was most appropriate. Boston has long enjoyed distinction as a banking center of first importance, and has been the pioneer in the development of the great natural

wealth and resources of our country. The history of Boston banking is a tale of the generous and courageous placing of capital, of inventive genius fostered and aided, of bold adventure in new fields of investment. Boston might with justice claim to have been the nurse of American industries when these present-day giants were yet in their infancy.

Yet bold and venturesome as have been



JOSEPH CHAPMAN

VICE-PRESIDENT NORTHWESTERN NATIONAL BANK, MINNEAPOLIS

Mr. Chapman's address in regard to agricultural development work was one of the notable features of the convention.

her essays into far fields of commerce and industry, there was always present those saving qualities of conservatism and Yankee shrewdness. The men whose foresight and courage made Boston capital so potent a factor in the building of the West and the development of the Southwest are they whose names are linked with the story of American commerce; with the history of the great railroad systems of the country; with the development of the copper mines and industries of the Northwest; with the story of the telephone and with the beginning and growth of our great textile industries.

Nor is the story of the achievements of Boston's bankers and financial leaders a story of the past alone. Those same quali-



THOMAS P. BEAL, JR.
VICE-PRESIDENT SECOND NATIONAL BANK
CHAIRMAN ENTERTAINMENT COMMITTEE



CHARLES E. BOCKUS
OLD COLONY TRUST CO.
CHAIRMAN PUBLICITY COMMITTEE



FRANCIS A. GOODHUE
VICE-PRESIDENT FIRST NATIONAL BANK
CHAIRMAN CARNIVAL COMMITTEE



GEORGE W. HYDE
ASSISTANT CASHIER FIRST NATIONAL BANK
CHAIRMAN DECORATION COMMITTEE

ties which made Boston famous as a banking center were in evidence during the serious business depression of 1907 and 1908. During that critical period the soundness of Boston's banking policy and the sagacity and forethought of her bankers were unmistakably demonstrated. At a time when hardly another city in the country had banking resources or stability to meet at all times the demands against its banking institutions, not one Boston bank called for assistance. Nor was there ever a moment during that time when the financial soundness of Boston's banking institutions was even remotely touched by the shadow of suspicion.

In bidding you welcome to this city of ours, I extend her greetings to you, not as the citizens of other communities, but as Americans. I offer to you the hospitality of a Boston, which, in everything that has made our country great, is as much your pride as mine. No city in the country, perhaps, occupies a higher place in our history. None is richer in tradition; none more hopeful, more keenly alive to the possibilities of the future; and none more fully exemplifying the thought of James Russell Lowell which he expressed in the line:

"With room around her hearths for all mankind."

Mr. Beal's address was a model of welcoming speeches—admirable for its brevity, yet leaving nothing unsaid. Here it is:

Members of the American Bankers Association, Delegates and Guests:

Ladies and Gentlemen: In behalf of the banking interests of Boston it is my privilege to welcome you to this city on the occasion of the Thirty-ninth Meeting of the American Bankers Association. Almost all of us have enjoyed your generous hospitality in many of the cities of the Union, and it is a great pleasure to us to try to show our appreciation of the courtesies so often extended to us.

We welcome you to the consideration of the business to be brought before us, so important at this time and calling for our most sober and mature judgment, yet equally calling upon us to speak up in no uncertain tone for what we honestly and firmly believe to be not only for our own best interests but for the interest of all the country, and all its people. We welcome you also to the various entertainments provided for you, trusting to maintain even in them Boston's reputation for common sense and yet showing that we know how to play as well as work.

We welcome you to all the varied program of the week and only trust that you may leave us feeling that we have done our best to prove to you that we are all bankers of a COMMON COUNTRY which we all love.

After the annual address of Vice-President Arthur Reynolds, memorial resolutions were adopted on the death of President Charles H. Huttig, Frank O. Watts, president of the Third National Bank of St. Louis, and a former president of the association, mak-



F. H. GOFF

PRESIDENT TRUST COMPANY SECTION, AMERICAN
BANKERS ASSOCIATION
PRESIDENT CLEVELAND TRUST COMPANY,
CLEVELAND, OHIO

ing a feeling and eloquent address on the character of Mr. Huttig and his usefulness as a banker and citizen.

Vice-President Reynolds' address reviewed concisely the work of the association and dealt with a number of matters now engaging the attention of the organization. Regarding the pending currency bill, he said:

THE IMPORTANCE OF PENDING FINANCIAL
LEGISLATION.

It will not be necessary for me to go into the details of the financial legislation now

pending in Congress, as that subject will be fully covered by the report of your Currency Commission. I desire, however, to call your attention in a general way to some of the features of the measure as they occur to me.

The admitted inadequacy of the present National Banking Act to meet the emergencies of business has been the subject of much labor on the part of this association, through its various committees, to secure from the Congress of the United States a change in the law along lines of sound principles of finance as exemplified by the experience of the world.

It would seem that there ought not to be great difficulty in applying those principles which other commercial nations have found elementary and necessary to permanent success to our present banking system and in adapting them to our geographical and commercial conditions.

Today we are facing proposed legislation which I can hardly regard as less than an invasion of the liberty of the citizen in the control of his own property, by putting under government management enormous individual investments and a branch of the country's business which should be left to individual effort.

Neither the banks nor their great army of stockholders, nor the business men who are their clients, have ever urged the least objection to close and thorough supervision of the banks by the Government; indeed, bankers have welcomed such supervision to the fullest extent. But to go further and take administrative control and deny us any share or voice in the management of our own business seems both unnecessary and unjust.

No nation in the world has ever found it necessary to assume such broad powers as are contemplated under the new bill. It will readily be recognized that men trained in the banking business and conversant with the necessities of the borrowing public, as well as its ability to liquidate its obligations, could act with better information and clearer judgment than political appointees selected along partisan lines, and with only casual regard for their experience in the business.

I believe, therefore, that while both the bankers and the people advocate careful and thorough government supervision of any system which may be adopted, a business of such great magnitude and importance to the country's prosperity should be in the control of men educated and trained in such business in the highest degree, rather than in State control. This is not in any sense a political question. It must be solved upon the higher plane of statesmanship and not subjected to the strife and selfishness of political parties.

Those in control of the proposed legislation have believed that the present method of handling the reserve of the banks of the

country, whereby large sums are finally lodged in central reserve cities, has led to the promotion of speculation, to the exclusion of proper credit accommodations to legitimate business enterprises. They claim it is their purpose to "free" the credits of the country to such proper uses.

I do not believe that banking credits in this country are restricted, or that banks are at the present time denying credit to those who are legitimately entitled to it. I believe that such credits are now being extended more freely to all classes of people and business, and in a more liberal way than anywhere else in the world. One of the admitted causes of our financial disturbances in the past has been the over-extension of credit to the people. If any evils exist in our present system through the accumulation of reserves in large cities, it does not seem just or fair to destroy the good features of the present system in an experiment to find a remedy.

It is my belief that this proposed method of redistributing reserves will work a large and unnecessary contraction of credits and a consequent hardship upon many banks and individuals. This would be especially true with the so-called country bank in the agricultural districts, and with many individual interests in reserve cities where deposits would be greatly restricted.

The bills receivable of the country bank are not and cannot from the nature of its business be of the character required for rediscount by the Regional Bank. Under the present system the reserve city correspondent keeps in as close personal touch with the requirements of the country bank as with the individual customer and accepts the paper of the country bank liberally for rediscount.

It would seem, therefore, that in this redistribution of reserves the present reserve cities should not be entirely ignored. To do so largely deprives the country bank of borrowing accommodations, eliminates that personal relationship of its reserve agent with its borrowing needs, and restricts proper credits unnecessarily in all present reserve cities.

There is no reason why the Government credit should be involved in the circulating notes which are to be issued as substitutes for money. They are to be absolutely secured beyond any reasonable probability of loss by the deposit of collateral.

None of the principal nations of the world that have in various ways adopted centralized banking and authorized the issue of credit instruments to circulate as substitutes for money have allied the Government credit with the credit of banks in such circulating medium. Such guaranty is unnecessary and might become embarrassing in the event of large unusual Government credits becoming necessary.

The notes should be issued by the reserve banks for value received as credit in-

struments solely, in the same manner as a bank would give credit in a similar transaction upon a deposit account against which checks could be drawn. In the latter case the checks would perform the same functions as the note.

The proposed bill provides for subjecting twenty per cent. of the assets of national banks to government control. I believe this amount should be limited to ten per cent. and that membership should be optional.

It is unjust and un-American that 7,400 leading business institutions in their respective communities, representing an aggregate of two billions of capital employed, accumulated and managed with unquestioned ability and integrity, should be forced against their will into a system that is under objectionable control. This great country was born in a spirit of liberty and freedom from oppression, and that great principle has come down through the centuries with added strength in every generation. Our institutions are not run under the lash of the government, but prosper because they are founded upon principles of liberty and equity and justice to all the people. That a financial system, which is the very foundation of the country's prosperity, must in order to succeed be founded upon those principles goes without saying.

It must not be forgotten that more than seventy per cent. in number of the banking institutions of the country are now doing business under State charters. They have



R. H. BEAN

NATIONAL UNION BANK; CHAIR-
MAN INFORMATION COM-
MITTEE

prospered and are largely satisfied with their present conditions.

If, therefore, any measure is to meet with the success which should attend the reorganization of the banking system of the country, it must be based upon sound principles and justice and fairness to all. It must inspire confidence and enlist a desire upon the part of all banks to become members.

It must be borne in mind that any system which curtails the activities of the banks or impairs their ability to serve the business interests is no less an injury to those business interests than the banks. The bankers rely on the prosperity of the people for their own success and seek only a measure which will establish a system upon a sound basis.

The bill now before Congress recognizes some of the principles for which the bankers have long contended, particularly the use of commercial paper as a basis of note issues. It is, however, believed that it contains a number of objectionable features which would be so burdensome to banks that some modifications are necessary to secure that co-operation which is required to make such a law a success.

We are loath to believe that the integrity and the patriotism of bankers are regarded with suspicion by our lawmakers; or that it is believed that bankers are not to be trusted in the management of their own business



F. L. HIGGINSON, JR.

LEE, HIGGINSON & CO.; CHAIR-
MAN FINANCE COM-
MITTEE



HARRY L. BURRAGE
VICE-PRESIDENT NATIONAL SHAWMUT
BANK; CHAIRMAN AUTOMOBILE
COMMITTEE



CHARLES B. WIGGIN
VICE-PRESIDENT MERCHANTS NATIONAL
BANK; CHAIRMAN HISTORICAL AND
CHURCH COMMITTEE



FRANK H. WRIGHT
ASST. CASHIER SECOND NATIONAL BANK;
CHAIRMAN HALL COMMITTEE



BARRETT WENDELL, JR.
LEE, HIGGINSON & CO.
CHAIRMAN BALL COMMITTEE

through which the needs of the commerce of the country have been so ably served in the past; or that it is believed that banking should be more restricted than other classes of business, except as to supervision; or that the experience of bankers in their chosen profession should not be of value in the preparation of a new law; or that in the pursuit of politics the best thought of the country on so important a problem will not be given fair consideration.

It is hoped, then, that the final results obtained will be such as will permit bankers to retain their self-respect in the control of their own property and to transact business under conditions at least as favorable as is provided for State institutions, through which so large a percentage of the business of the country is now satisfactorily handled.

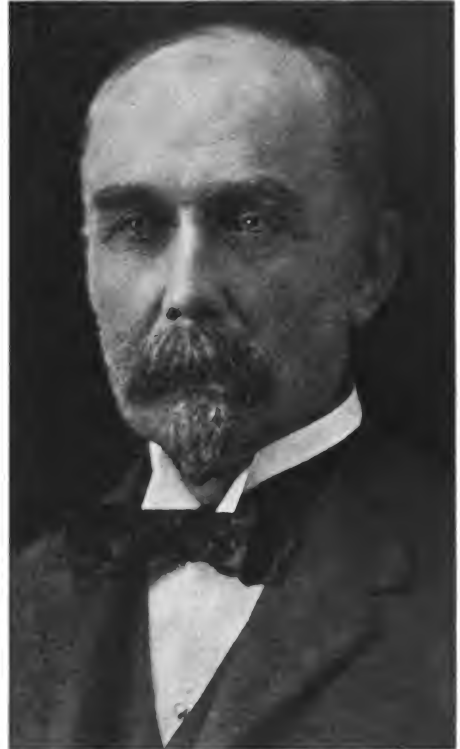
REPORT OF THE CURRENCY COMMISSION.

No event of the convention aroused more interest than was called forth by the reading of the report of the currency commission by the chairman, Hon. A. B. Hepburn, chairman of the board of directors of the Chase National Bank of New York. After recounting the steps taken by the commission in regard to the currency bill, the report continued:

The proposed legislation is still pending in Congress. The bill in its present form imposes unwise hardships upon the banks, and equally unwise hardships upon the general public. The interests of the bankers and commercial public are coincident; no injury can be inflicted upon the one without the other also suffering. When business is active and prosperous, the banker shares in the benefit; when it is languishing, he feels the ill effects. The chief function of the banker is to loan his capital and other resources to his customers so that they may increase the activity and extent of their business. Any withdrawal of the bank's capital from these legitimate channels of trade not only entails a loss to the banker, but also to the business public.

The banks are required to subscribe to the Federal reserve banks an amount equal to twenty per cent. of their capital, one-half of which must be paid in at once, the other one-half being subject to call. This is to be taken over and placed under the management of a corporation in which the banks have not only a minority representation, but a very limited voice indeed. In return for the capital thus appropriated the banks receive a certificate, which cannot be sold, assigned or hypothecated, over which none of the usual rights of property can be exercised. The banks are obliged to make

this subscription, or be dissolved. Charters have ever been regarded in the nature of a contract, and it is doubtful if, under our constitution, Congress can take away the charter of a bank in this summary manner, not because the terms of the charter have been violated by the banks, but because the



HON. A. B. HEPBURN

CHAIRMAN CURRENCY COMMISSION AMERICAN BANKERS ASSOCIATION; CHAIRMAN BOARD OF DIRECTORS CHASE NATIONAL BANK, NEW YORK.

bank management might refuse to make a coerced investment such as the pending measure provides.

There is no provision whereby a bank which subscribes money to the capital of the Federal reserve bank can recover the same, except by liquidation, either voluntary or enforced. A bank is given a maximum return of five per cent. upon capital subscribed—if earned. If the Government can appropriate one-tenth of a bank's capital in the manner provided by this bill, they may appropriate one-tenth next year, and so on until the capital is all transferred to the Government bank. If they can fix the compensation at five per cent. this year, they may make it four per cent. next year, and three per cent., two per cent., one per



CHARLES P. BLINN, JR.
VICE-PRESIDENT NATIONAL UNION BANK
CHAIRMAN HOTEL COMMITTEE



EDMUND BILLINGS
PRESIDENT PAUL REVERE TRUST CO.
CHAIRMAN INDUSTRIAL COMMITTEE



FREDERICK C. WAITE
ASSISTANT CASHIER MERCHANTS NATIONAL
BANK
CHAIRMAN POLICE COMMITTEE



CHARLES W. COLE
OLD COLONY TRUST CO.
CHAIRMAN THEATRE COMMITTEE

cent. or nothing—a very simple and easy process whereby the entire capital of the banks may be transferred to the Government.

There are a great many different kinds of socialism; but however the various theories differentiate, they all agree upon the fundamental proposition that the Government, that is the community as a whole, should own all the real estate, all manufacturing enterprises, all banks, all transportation companies—in short, all money-making utilities. This proposition of the Government to take the bank's capital in the manner provided, carried to the extreme, would easily accomplish, so far as the national banks are concerned, this contention on the part of the socialists. For those who do not believe in socialism it is very hard to accept and ratify this proposed action on the part of the Government.

There are other provisions of the bill equally important and far reaching in their effect.

We have recounted the condition which confronts us as to that provision of the pending measure, in order to impress upon the banks the fact that we have reached a point where we must act in our own interests and for our own protection. Individually we must reach our conclusions in the premises, and if we are not satisfied with the provisions of the bill we ought to acquaint our respective representatives in Congress of the fact, and clearly point out and impress upon them the changes which we think ought to be made.

It has been proclaimed in Congress and in the public prints that many features of the pending measure are exactly like or similar to provisions of the bill reported by the National Monetary Commission, and which the bankers in convention approved. The question is asked, "Why, if the bankers approved such provisions in the so-called Aldrich bill, do they oppose similar provisions in the so-called Glass-Owen bill?" This is the reason:

(a) Investment in the stock of the Central Reserve Association created by the bill of the National Monetary Commission was permissive, not compulsory; banks might invest in the same if they chose, or they might decline the opportunity, in accordance with the dictates of their business judgment.

(b) Under the terms of the bill of the National Monetary Commission, the bankers controlled the management of the Central Reserve Association. It follows that an investment in the stock of the association was an investment under their own control and management. On the contrary, investment in the stock of the Federal Reserve Banks of the Glass-Owen bill is compulsory. The individual banks have a minority representation in the management of these Federal Reserve Banks and have no voice whatever in the selection of the Federal

Reserve Board, which dominates the Federal Reserve Banks, and the proposed measure only provides that one of the seven members must have banking experience.

The fact that the bankers controlled the Central Reserve Association was a guarantee against political control, and it was equally a guarantee against incompetent management—two important respects wherein the pending measure is lacking.

Following the reading of this report, a vigorous speech was made by Hon. E. J. Hill of Connecticut, a former



E. ELMER FOYE

VICE-PRESIDENT OLD COLONY TRUST CO.,
CHAIRMAN RECEPTION COMMITTEE

member of the House of Representatives, in which many features of the bill were condemned. Mr. Hill offered the following resolutions:

Resolved, That the report of the Currency Commission be received and placed on file.

Resolved, That we approve the work of the Currency Commission, and that we ratify and endorse the action of the Chicago conference, the conclusions they reached and the recommendations they made.

Resolved, That we urge upon Congress the wisdom and necessity of incorporating into the proposed law the amendments recommended by the Chicago conference, all of which have been elaborately presented to the Committee on Banking and Currency, of



FREDERICK E. FARNSWORTH
SECRETARY AMERICAN BANKERS ASSOCIATION

the United States Senate, in which body the proposed law is now pending.

Any law passed by Congress, in order to be effective and realize, in full measure, the hopes of those who are seeking currency reform, must command the approval and enlist the co-operation of the banks of the country, both State and National.

After a heated discussion, a vote on these resolutions was called for. Mr. Livingstone (who was presiding temporarily) put the question to the house, and it seemed that an almost unanimous vote was cast for the resolutions (the convention rising in a body); but before the contrary vote was called for, it was decided to take a recess until the afternoon. On convening after recess the above resolutions were adopted, together with the following, offered by Mr. Joseph H. O'Neil of Boston:

Resolved, That we commend the President, the Secretary of the Treasury and Congress for their efforts to give this country an elastic as well as a safe currency, and pledge them our hearty support toward the enactment of proper legislation to that end.

This addition, slightly different in form, had been offered by Mr. O'Neil prior to adjournment of the convention for luncheon.

It should be recorded here that the sentiment of the convention was almost unanimously in agreement with Mr. Hepburn's report and Mr. Hill's resolutions. The adoption of the O'Neil amendment was merely in the nature of conciliation. But the hostility of the convention to the Administration's bill was extreme—of that there is no doubt whatever.

SECRETARY'S REPORT.

The report of Col. Fred E. Farnsworth as secretary showed a present membership of 14,100—a net gain of 777 compared with the membership at the close of August last year.

In concluding his report, Col. Farnsworth said:

The coming convention of the association, the thirty-ninth in its history, will be the second held in Boston, the previous one



WILLIAM G. FITZWILSON
ASSISTANT SECRETARY, AMERICAN BANKERS ASSOCIATION.

having been held there in the year 1886. At this convention, in 1886, Hon. Lyman J. Gage, president of the association, presided. The meetings were held in Horticultural Hall, and the great and much beloved apostle of the Gospel, Rev. Dr. Phillips Brooks, opened the convention with prayer. The attendance was reported as one hundred and fifty. At that time the total membership was 1,466 banks, and the income for the previous year \$11,337.50. The time of the convention was largely given up to the discussion of banking and currency legislation, the gold standard and the value of silver as a currency. Several ringing resolutions on these questions were passed by the convention. Will history repeat itself this year? Mr. Logan C. Murray, of Louisville, who is with us still, and a regular attendant at our conventions, and who was one of the original seventeen bankers at the first meeting, succeeded Mr. Gage as president. At the first convention, which assembled at Saratoga Springs, in 1875, a Boston banker, Hon. Charles B. Hall, then cashier of the Boston National Bank, was chosen president, and a truly formidable array of financiers from that city and from other parts of the Commonwealth of Massachusetts participated in its deliberations and contributed largely in devising the plans upon which has been reared the imposing organization in which we all take pride, now at the very zenith of its power and greatness. To the obligations we owe to the Boston bankers who unselfishly gave their best thought and effort in the establishment of the association, we must now add our gratitude to the Boston people of to-day for the assiduous and generous manner in which they have worked to render this year's convention forever memorable. Without in any way minimizing the superb hospitality of other cities by whom we have heretofore been entertained, it is but the truth to say that the preparations made for the impending meeting will insure to every guest the fullest measure of happiness during convention week, and to the association, as a whole, the most enjoyable and profitable meeting in its long career. To the Clearing House Association of Boston and its Associated Banks—to those who, individually, as committeemen and in other capacities, have unremittingly labored for months in our behalf—we express our sincere appreciation and thanks.

TREASURER'S REPORT.

Treasurer J. Fletcher Farrell presented the following financial statement:

Cash balance on hand September 1, 1912, \$3,992.88. Total receipts for current year, \$234,848.52. Total expenses for the year,

\$233,362.11. Leaving credit balance, September 1, 1913, \$5,479.29.

In August, 1913, your treasurer received from the general secretary thirteen thousand six hundred and eighty-one (13,681) drafts on account of the current membership dues, aggregating \$221,645.00—all of which have been forwarded for collection. These drafts



J. FLETCHER FARRELL

TREASURER AMERICAN BANKERS ASSOCIATION;
VICE-PRESIDENT FORT DEARBORN NATIONAL
BANK, CHICAGO

are dated September 1, 1913, which is in accordance with our constitution, and at this writing, all but a very small percentage have been collected.

The surplus funds of the association are invested in stocks and bonds, which are deposited with the Bankers' Trust Company of New York City, under control of the executive committee.

The trust company collects the interest on these securities and remits to your treasurer for the credit of the association account. The securities are as follows:

\$12,000 Chicago, Burlington & Quincy Joint 4s of 1921.

\$30,000 Atchison, Topeka & Santa Fe four per cent. bonds of 1995.

\$50,000 Chicago, Burlington & Quincy,

Illinois Division, four per cent. bonds of 1949.

\$30,000 New York City Registered Corporation Stock $3\frac{1}{2}$ per cent., due 1940.

THE AGRICULTURAL CONFERENCE.

No single feature of the convention—except the currency discussion—attracted the interest and attention that was given to the conference on agricultural development. Mr. Joseph Chapman, chairman of the committee having this work in charge, has given earnest thought and effort toward bringing the bankers and farmers of the

country closer together and has succeeded in arousing great interest and practical enthusiasm in this direction. The importance of his work was recognized by making his committee one of the regular commissions of the American Bankers Association.

The discussion led by Mr. Chapman, and participated in by Mr. Jordan, Mr. Hill, Mr. Vincent and others was listened to with the closest attention. Bankers are waking up to the fact that as citizens they must do their full share in making our farming, industry and education more efficient.

Convention Notes

—Hats off to the bankers of Boston!

—Joseph Chapman, who led the "farm" talk, said that the bankers of the country must devote themselves to making the farmer a better credit risk.

—Dr. Vincent of the University of Minnesota was too much for the staid conservatism of a banker's convention. He upset all dry-as-dust standards, and aroused a veritable storm of enthusiasm. Was he a live wire? Ask those who heard him.

—Among the old-timers present George Russel of Detroit was the most imposing figure at Boston. Col. Lowry wasn't there.

—Everything was perfect except the weather; but that might have been very much worse.

—Those of us who come from less fortunate sections may just as well admit that Boston entertains a convention in a way that is unique—the common phrase for it would be "classy."

—Telling of the efforts to work in behalf of the farmer, President Vincent of the University of Minnesota said:

"Our latest device is a farm play. Its name is 'Back to the Farm.' We have sugar-coated the pill so successfully

that I have seen hundreds of persons at a country fair listen breathlessly to the play, scarcely realizing that they have all the time been receiving instruction in modern farming. There is a mortgage in the play. But it is not wept over, and it is not burned in the last act. No, the hero uses it as the chief incentive to make his farm valuable as a going concern."

—Currency and farming were the live topics at the convention.

—The brief addresses of welcome by Mayor Fitzgerald and Mr. Beal let the visitors know they were welcome; and it was shown in other ways than words.

—Ladies everywhere—even in the convention hall—gave the meeting a fine social aspect.

—"Sound economic policy and business sense," said James J. Hill, "advise us to increase the number of those engaged in farming; educate them in better methods; insist upon the care and improvement of the soil; increase production per acre; and, in particular, promote the raising of live stock by which money can be made, industry diversified, our food product enlarged and the soil raised to a higher degree of fertility. In so far as the banker

can assist this change by granting agricultural credits wherever it is wise to do so, and especially by conditioning loans upon the use of right farming methods, he will strengthen and safeguard his own interests at the same time that he helps to build up the country and to give to its industrial fabric a firm and consistent future."

—Resolutions on the currency virtually said to President Wilson and Congress: "We approve your efforts to do something, but don't like what you have done thus far."

—Richmond gets the 1914 convention. Even far-famed Southern hospitality will find it no easy task to keep up the pace set by Boston.

—Not the least factor in making the convention a success was the admirable hotel accommodations furnished. In that respect the New England metropolis is superior to almost any city in the country.

—The large floor space given in the Copley-Plaza for the use of the convention was a commendable feature.

—Boston national bank cashiers, through their association, delightfully entertained the visiting bankers.

—All the prominent banks and trust companies kept open house.

—Registration at the convention headquarters ran ahead of 4,200.

—Three delegates were present from far-off Hawaii. They were Abraham T. Lewis, Jr., S. E. Locke and L. T. Peck.

—Mrs. Laura A. Batchelder, president of the First National Bank, Fingal, No. Dak., was, according to a Boston newspaper, the "sole accredited woman delegate."

—Boston newspapers gave full and accurate reports of the convention besides devoting much editorial space to comment on the proceedings.

—The pleasure of the ladies visiting the convention was greatly enhanced by the thoughtful efforts of a special local committee of ladies, with headquarters at the Copley-Plaza. Mrs. George

S. Mumford of Chestnut Hill was at the head of this committee, and its other members were Mrs. H. L. Ayer, West Newton; Mrs. J. A. Blake, Pride's Crossing; Mrs. C. P. Blinn, Jr., Dorchester; Mrs. J. L. Bremer, Cohasset; Mrs. Harry L. Burrage, West Newton; Mrs. L. Davis, Pride's Crossing; Mrs. C. H. Dwinnell, West Newton; Mrs. Allan Forbes, Westwood; Mrs. H. D. Forbes, Roxbury; Mrs. E. Elmer Foye, Brookline; Mrs. William A. Gaston, Boston; Mrs. Francis A. Goodhue, Nahant; Mrs. N. P. Hallowell, Jr., Milton; Mrs. R. F. Herrick, Milton; Mrs. George W. Hyde, Brookline; Mrs. James Jackson, Dedham; Mrs. George C. Lee, Westwood; Mrs. Henry J. Nichols, Newtonville; Mrs. H. B. Sawyer, Beverly; Mrs. F. B. Sears, Boston; Mrs. J. J. Storrow, Lincoln; Mrs. John Symonds, Peabody; Mrs. R. F. Tucker, Beverly; Mrs. Barrett Wendell, Jr., Pride's Crossing; Mrs. Daniel G. Wing, West Newton; Mrs. Frank H. Wright, South Hingham.

—New York has the largest membership in the American Bankers Association, 980, followed by Illinois with 881 and Pennsylvania with 875.

—An exceedingly interesting talk was made on agricultural development work by S. M. Jordan of Pettis county, Mo. Here is one interesting phase of his valuable work as he described it:

One of the very important pieces of work that we have carried on is what we call "Out on the Farm Meetings." Some good farm is selected where the farmer is making a success of especially some of his work, and in the forenoon the farm is looked over and methods talked about until the noon hour, then a dinner is spread on the lawn or in a grove, and as soon as the dinner is cleared away the lectures and talks begin. These meetings were small in the beginning, but at some of them the attendance has reached from 150 to 600. Where the farmers meet on common ground, talk over their successes and their failures, and at these meetings many town people are invited and are more or less pleased to be in attendance and come in contact with the people of the farm, and as a fact they learn to like them. At these meetings we learn a little bit, and that is very good; we have a day's outing, and that is important; but the most valuable result that is obtained is that we get acquainted with

one another. If you do not like your neighbor, the chances are that it is because you do not know him. If you will get well acquainted with him you will find that he is a pretty decent sort of a fellow after all, almost as good as you are. This is one of the methods we have adopted in Pettis county, and the people in town, believing that they should return the courtesy extended to them, arranged on our first anniversary an all-county noon-day banquet and invited each member of the Bureau, together with his wife or sweetheart, or somebody else's wife or sweetheart, to be present, and, even though the weather was disagreeable, 564 were seated at one time around the banquet board. These were composed of folks from town and country, and a more splendid or representative gathering could not be found. We are endeavoring to lose all traces of the boundary lines between the town and the country, because for all these years the town and the country have not understood one another, and when the time comes that we know each other better we will find that the people in the country, and the people in the town are one and the same kind and pretty decent folk after all.

It is complimentary to the bankers of the nation that they have been in close touch with this movement ever since the beginning, in fact in many places they are the men who have been in the lead and paying the most money toward the support of the county agent and his work. I believe that

the banker stands in the most important position of any of our citizens, for the simple reason that no class of men stands quite so high in the estimation of the best people as do the bankers of the nation. No up-to-date farmer but what is in close touch with at least one banking institution and that banking institution knows more of that farmer's business than anybody else except the farmer himself. This advantage has related only too closely to financial matters. It would be tremendously important if the bankers would know enough about the actual work on the farm to enter into hearty sympathy with the situation and to talk entertainingly and intelligently on every proposition of the farm. It has always looked to me like the best sort of a business proposition for the banker to have the fullest understanding of all the farm conditions, because throughout all the land the farmer's credit to a very large degree measures the credit of his bank. It is evident also that the banker fully appreciates the value of the well-to-do farmer and his importance, because he is anxious to get him on his board of directors, and it suits a banker very often to give his bank some name associated with the farmer.

—The carnival on the Charles River Basin the last evening brought the convention to an end literally in a blaze of glory.

Change of Banking Location

ALTHOUGH there is a provision of the National Banking Act requiring that a national bank may not change its location without first having obtained the consent of the Comptroller of the Currency, it is not believed the change of location referred to in the following item published in a recent issue of the "Evening World," New York comes under the provision cited:

The "first national bank" has a new location. It used to be inside, but now it is on the outside, and has a snap-buttoned flap. It even has a new name. It used to be called just "stocking," but now under its modern development it is known by the euphonious appellation "safe-keep pocket."

Yes, it's true. The old fashioned depository of our grandmothers has been su-

perseded. Those who know say that the latest production of the dressmaker, the slashed skirt, is responsible, and have chalked up another argument against that alluring (to men, at least) style.

The new stocking which has just made its appearance, is awfully hard for a mere man to describe. You know they are made with a band at the top. Well, that band has been made somewhat wider and a trifle heavier, and a pocket which fastens with a snap button has been added.

That really is all there is to it. After all, it would seem to be more convenient than the old way, and then there is room for powder, puff, rouge, mirror and such necessary accessories.

Material! Oh, silk of course! Who would have a new-fangled stocking in anything else?

Why are the safe-keep pockets needed? Well, the slashed skirt is the answer.



VIRGINIA STATE CAPITOL, RICHMOND

Richmond Gets the 1914 Convention

American Bankers Association Meets Next Year in the Southern City

AFTER a spirited friendly contest between Atlanta and Richmond, the latter city has been selected as the place for holding the fortieth annual convention of the American Bankers Association. This decision was reached at the convention recently held at Boston.

The bankers of the country are going back to Richmond after an absence of fourteen years—the convention met there in 1900. They will find that amazing changes in the direction of progress have taken place in this comparatively brief interval, and in no respect has greater advance been made than in banking. Illustrations of some of the leading bank buildings presented herewith show the modern structures in which Richmond's financial institutions are now housed. The growth of individual banks and of the city's total banking resources has been on a scale commensurate with this enlargement of bank buildings.

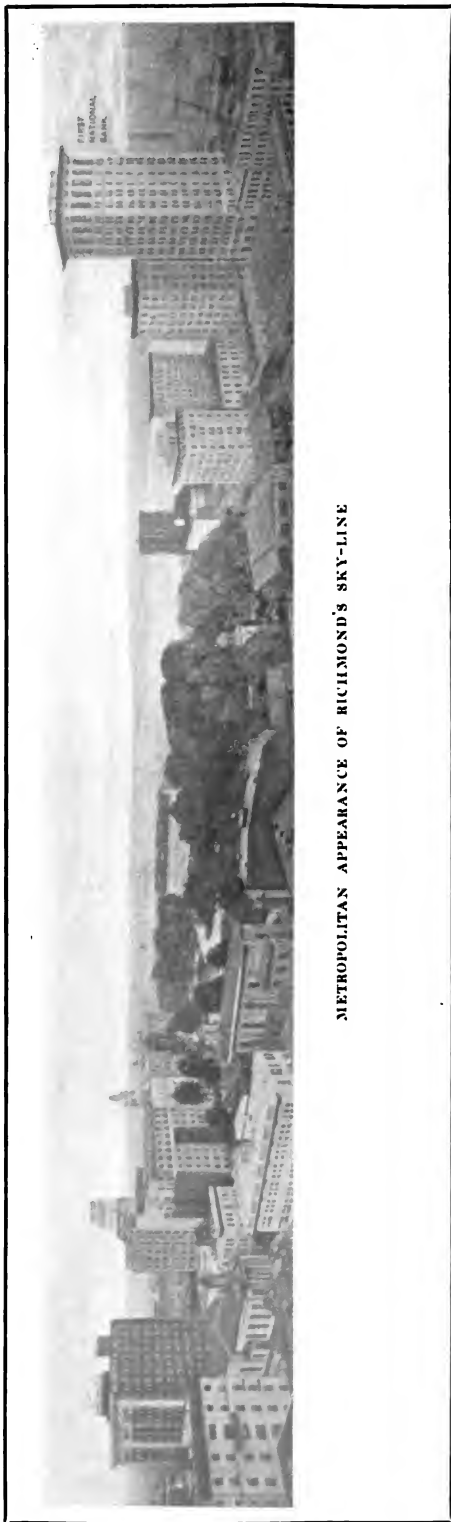
In historic interest and in hospitality it would be difficult to match this delightful Southern city, while excellent hotel accommodations abound. The

bankers of the country are sure of a royal reception at Richmond in 1914.

POINTS OF INTEREST IN RICHMOND.

PUBLIC SQUARES AND PARKS—Capital Square, where is located the State Capitol building, the State library and the Washington Monument. Extends from Capitol to Bank streets, and from North Ninth to North Twelfth streets. Libby Hill Park, Marshall's Park and Chimborazo Park are in the east end of Richmond, near together. Jefferson Park is at Church Hill avenue and Marshall street. Gamble Hill Park is on the old Kanawha Canal at the foot of South Second, Third and Fourth streets. Riverside Park is on the water front at the foot of Laurel and Pine streets. Monroe Park lies at the junction of Park avenue and Belvidere street. Reservoir Park is at the extreme southwestern portion of the city.

IMPORTANT PUBLIC BUILDINGS AND INSTITUTIONS—State Capitol, Capitol Square. Original building built in 1785. Remodelled and enlarged in 1905. State Library building, adjoins



METROPOLITAN APPEARANCE OF RICHMOND'S SKY-LINE

Capitol, contains many historic relics, also fine portrait gallery. Is open to public from 9 a. m. to 10 p. m. City Hall, opposite Capitol Square, is built of Richmond granite and cost \$1,500,000. Governor's mansion, Capitol Square, a fine colonial structure built in 1815. The Confederate Soldiers' Home is at the west end of the city.

CEMETERIES—Hollywood Cemetery, entrance at Albermarle and Cherry streets. Contains graves of 15,000 Confederate soldiers, and tombs of Presidents Monroe, Tyler, Jefferson Davis, Commodore Maury, Generals Fitz Lee, J. E. B. Stuart, George E. Pickett, Henry A. Wise, William Smith, John Randolph and many other notable Virginians. Riverview and Mt. Calvary cemeteries adjoin Hollywood. Oakwood Cemetery, on North Oakwood avenue, contains the graves of upwards of 16,000 Confederate soldiers. The National Cemetery, on the Government Road, is the place of interment of the Federal dead.

MONUMENTS AND STATUES OF IMPORTANCE—Washington Monument, Capitol Square. Equestrian statue by Crawford, surrounded by the six figures of Patrick Henry, Thomas Jefferson, George Mason, Thomas Nelson, Jr., John Marshall and Andrew Lewis. Is one of the most celebrated monuments in America, sixty feet in height, and cost \$260,000. Statue of Washington, by Houdon, in the Capitol rotunda, considered the best and most faithful of all sculptures representing the "Father of our Country." Stonewall Jackson Monument, Capitol grounds opposite City Hall; Henry Clay Monument, Capitol Square; General Robert E. Lee Monument, in Lee Circle in western part of the city; Monument to the Confederate dead in Hollywood Cemetery; Soldiers' and Sailors' Monument in Libby Hill Park.

MOST IMPORTANT CHURCHES—St. John's Church, twenty-fourth and Broad streets, scene of Patrick Henry's impassioned oration, "Give me liberty or give me death"; Monumental Church, Thirteenth and Broad streets,



FIRST NATIONAL BANK, RICHMOND

Capital, Surplus and Profits and Total Deposits of the Richmond Banks, 1900 and 1913

	—————1900—————		
	Capital.	Surplus and Profits.	Deposits.
American National Bank.....	\$200,000	.....	\$600,000
City Bank	400,000	\$108,000	900,000
First National Bank.....	600,000	462,000	2,000,000
Merchants National Bank.....	200,000	348,000	3,000,000
Metropolitan Bank	125,000	24,000	500,000
National Bank of Virginia.....	500,000	36,500	1,650,000
Planters National Bank.....	300,000	724,000	2,000,000
Richmond Trust and Safe Deposit Co....	1,000,000	123,000	1,200,000
Security Bank	200,000	60,000	420,000
State Bank of Virginia.....	500,000	259,000	1,975,000
Union Bank	220,000	231,000	1,230,000
Virginia Trust Company.....	500,000	74,000	350,000
Dime Savings Bank.....	47,000	5,000	70,000
Nickel Savings Bank.....	5,000	1,000	4,200
Provident Savings Bank.....	50,000	.....	45,000
Savings Bank of G. F. U. O. T. R.....	75,000	17,000	185,000
Savings Bank of Richmond.....	100,000	59,000	825,000
Southern Trust Company.....	100,000	7,000	.....
Total	\$5,122,000	\$2,538,500	\$16,951,700

	—————1913—————		
	Capital.	Surplus and Profits.	Deposits.
American National Bank.....	\$1,000,000	\$648,000	\$4,723,000
Bank of Commerce and Trusts.....	250,000	145,000	1,054,000
Broad Street Bank.....	200,000	127,000	1,530,000
Broadway National Bank.....	200,000	20,000	250,000
Central National Bank.....	350,000	50,000	616,000
Church Hill Bank.....	63,250	12,000	493,000
Commonwealth Bank	300,000	50,000	800,000
First National Bank.....	2,000,000	1,350,000	12,614,000
Main Street Bank.....	192,100	23,000	300,000
Manchester National Bank.....	100,000	22,000	260,000
Mechanics and Merchants Bank.....	100,000	110,000	700,000
Mechanics Savings Bank.....	30,860	2,000	160,000
Merchants National Bank.....	200,000	1,181,000	6,372,000
National State and City Bank.....	1,000,000	783,000	4,741,000
Old Dominion Trust Company.....	1,000,000	1,000,000	.....
Planters National Bank.....	300,000	1,511,000	6,124,000
Richmond Bank and Trust Company.....	300,000	13,000	326,000
Richmond Trust & Savings Company.....	1,000,000	.....	500,000
Savings Bank of Richmond.....	200,000	248,000	1,380,000
St. Luke Penny Savings Bank.....	29,000	6,000	75,000
Union Bank	219,750	481,000	1,287,100
Virginia Trust Company.....	1,000,000	200,000	1,300,000
West End Bank.....	25,000	21,000	172,000
Total	\$10,059,960	\$8,000,000	\$46,277,000



AMERICAN NATIONAL BANK, RICHMOND



MAIN BANKING ROOM, NATIONAL STATE AND CITY BANK, RICHMOND

built on the site of Richmond Theatre, burned December 26, 1811, when seventy-two people lost their lives, including the Governor of the State; St. Paul's Church, Ninth and Grace streets, containing pews of Jefferson Davis and General Robert E. Lee; Cathedral of the Sacred Heart, Park avenue and Laurel street.

HISTORIC HOMES AND SITES—Home of Jefferson Davis, the "White House of the Confederacy," twelfth and Clay streets, now used as a Confederate Museum, open 9 a. m. to 3 p. m.; Home of General Robert E. Lee, 707 East



UNION BANK OF RICHMOND



PLANTERS NATIONAL BANK, RICHMOND



HOTEL JEFFERSON, RICHMOND

Franklin street, now occupied by the Virginia Historical Society as a museum; Libby Prison site, on river front near Gallego Mills, where Federal prisoners were confined during the Civil War (the prison building was removed to Chicago during the Columbian Exposition); old Stone House, at one time Washington's headquarters, Twentieth and Main streets; Masonic Hall, Nineteenth street, oldest in the United States, built in 1857; old Bell Tower,

Capitol Square, used in Civil War times to give warning of the approach of Federal troops.

The Civil War battles fought near Richmond comprise the following: Brook Church, Yellow Tavern, Mechanicsville, Ellerson's Will, Gains Mill, Cold Harbor, Fair Oaks, Seven Pines, Savage Station, Darbytown, Drewry's Bluff, Chaffins' Bluff, Fort Harrison's Landing, Charles City C. H., Chester and Fort Walthall.

Banking and Financial Miscellany

MAKERS OF BAD MONEY.

THERE have recently appeared in New York city and vicinity two very crudely executed counterfeit notes; one on the \$5 issue of the Irving National Bank of New York, series of 1902; check letter omitted; J. C. Napier, Register of the Treasury, Lee McClung, Treasurer of the United States; charter No. 345; bank No. 28259; Treasury No. K822550A; portrait of Benjamin Harrison; the other is a \$1 silver certificate, series of 1899; check letter "D"; J. C. Napier, Register of the Treasury, Lee McClung,

Treasurer of the United States; No. E46086420E.

These counterfeits are printed on paper of poor quality containing a few ink lines in imitation of silk fibre. No attempt has been made to imitate the fine lines of the lathe work. The notes are so poorly executed that a more detailed description is deemed unnecessary as they should not deceive the ordinarily careful handler of money.

New Counterfeit \$5 United States Note—Series of 1907; check letter "D"; J. C. Napier, Register of the

Treasury; Lee McClung, Treasurer of the United States; portrait of Jackson.

This is a photographic reproduction on paper of fair quality. The Treasury seal has been lightly touched with pink ink and a slight attempt has been made to apply green coloring matter to the back of the bill. The Treasury number photographed on the note is B74471068.

This is a poor counterfeit.

New Counterfeit \$10 National Bank Note (on the First National Bank of the City of New York)—Series of 1882; check letter "E"; B. K. Bruce, Register of the Treasury; James Gillfillan, Treasurer of the United States; charter No. 29; bank No. 86375; Treasury No. A728308A.

This counterfeit is a photographic reproduction on fair quality of paper without silk threads or imitation of them. Coloring matter has been applied to the Treasury and bank numbers and to the green panel on the back of the note. It should not deceive any one accustomed to handling money.

New Counterfeit National Currency Notes—\$5 note on the American National Bank of Nashville, Tenn.; check letter "F"; series of 1902; J. W. Lyons, Register of the Treasury; Ellis H. Roberts, Treasurer of the United States; charter number 3032; bank number 23459; Treasury number Y868269. A plain uncolored photographic reproduction which should not deceive careful handlers of money.

Twenty-dollar issue of the Wisconsin National Bank of Milwaukee, Wis.; check letter "B"; series of 1882; W. S. Rosecrans, Register of the Treasury; E. H. Nebeker, Treasurer of the United States; charter number 4817; bank number 17245; Treasury number D37908D. Like the \$5 note above described this is a photographic reproduction with brown coloring matter applied to the seal and charter number on the face of the note. Neither of these two counterfeits contains silk in the paper nor an imitation of it.

Twenty-dollar issue of the Second

National Bank of Baltimore, Md.; check letter "B"; series of 1902; J. W. Lyons, Register of the Treasury; Ellis H. Roberts, Treasurer of the United States; charter number 414; bank number 20459; Treasury number M193779A. This counterfeit is a lithographic reproduction on paper which has a glazed surface bearing printed and pen and ink imitations of the silk fibre. The face of the bill is a grayish black; the color on the back of this note is good, but all the fine lines of the lathe work are lost in the printing. The specimen of this counterfeit was received through the Wall Street branch of the International Banking Corporation from Stockholm, Sweden, and is calculated to deceive the ordinary handler of money.

TOO LIBERAL WITH ADVICE TO THE FARMER.

THAT the farmer is being rather over-advised seems to be the view of the "Pacific Banker" of Portland, Oregon, which says:

We may be wrong, but it seems to us that, coincident with the growth of the "back to the soil" movement in the best financial circles, there has sprung up a certain amount of criticism of the American farmer which comes close to deserving the adjective captious. The American farmer is being lectured both for his sins of omission and of commission, and it looks as if the spirit shown toward him by some of the critics is just a wee mite peevish. Really he is not such a bad sort of fellow, and take him all around he is doing just about as well on his job as any of the rest of us are on ours. There are shiftless farmers and unsuccessful farmers, just as there are incompetents in all lines of business, but the average American farmer is not a bit more conservative and slow about adopting new ideas and improvements in his particular business than is the average banker in his—to become real personal.

The agricultural betterment movement of the bankers has been a wonderful success. We do not wish to decry it, but we do think there are limits to the movement, considered as an activity of a State bankers association.

Like most of the critics of the American farmer, our personal knowledge of agriculture is about that extensive that we can tell a mowing machine from a hay press and a Cochon China from a Poland China. We do, however, think we know the American farmer well enough to feel wholly assured that when he thoroughly understands all the advantages of soil conservation, seed selection, intensive farming and better stock that he can be trusted to do the rest. He is every bit as anxious to make as big a success as he can out of his business as we are anxious to have him, and the gospel of good farming, like all successful gospels, must largely preach itself by its results.

A GOOD WORD FOR NEW YORK BANKS.

WHEN it seems the fashion to criticise the New York banks—for political purposes—the following, from the "Commercial Appeal" of Memphis, will be gratifying to those who think that after all the New York banks are not so bad:

"Senator Tillman was not fair when he denounced New York bankers for what he alleged was their attitude toward the South. Neither is it a fact that the Southern people have lost money because of the opposition of the New York bankers.

"Older people doubtless remember that before the war and for some years after the war some of the great mercantile and business houses of the South had direct dealings with New York and Philadelphia bankers. The credit of the Southern people has always been high in New York. They have gone there with good traditions for keeping

their word. They have paid their debts, and that very fact has made the New York bankers more considerate with them than if they had gone there with records of bad failures.

"New York has been the natural money center of the country. In every country there must be one central money market. The Southern banks usually around the first of the year begin to send money to New York in order to draw interest, because they have no use for it here. The money remains in New York ordinarily until August, and then they begin to draw it out for the purpose of handling the cotton crop.

"It is a further fact that the average Southern bank not only draws out what it has had on deposit in New York, but becomes a borrower for about five months. That money remains in New York for cotton from the time it grows out of the boll until we get a draft for a bale that has been delivered in Liverpool. There is no obligation on the part of the Southern banker to send the money to New York. It is merely a matter of business. He becomes a customer of the New York bank and the New York bank becomes his customer.

"In the fall of the year the New York banker is expected to relieve the wants of his Southern customer, because he is his customer. This practice is exactly similar to the plan upon which banks and their depositors do business. A man goes to a bank and gets a line of credit. At certain times in the year he owes the bank nothing, and may have a large balance. At other times he has no balance and owes the bank a great deal.

"He does not have to put his money in the bank when he has it. The bank does not have to lend him money when he hasn't any. But the laws of commerce are such that these transactions are necessary for the carrying on of trade. The Southern people on the whole have no cause to complain of bad treatment by the financial institutions of New York city.

"The New Yorker appreciates the

fact that the Southerner grows cotton, an article which brings gold back into America. This alone is one of the factors entering into his desire to accommodate the Southern man. There is no obligation on the part of either party to the transaction. Our banks in the South will get \$100,000,000 from New York this fall."

CROP REPORTS AND BUSINESS CONDITIONS.

AN admirable crop and business summary is annually issued, by the Continental and Commercial National Bank of Chicago, made up from letters received by the bank from thousands of correspondents all over the country. From the 1913 report we quote:

Less prodigal on the whole than last year, the important crops of the country are above the average, ample for domestic use, and an abundance of breadstuffs for export. The enormous yields of the previous season have left an unusually large surplus of crops of the kind consumed on the farm, so that with lighter yields in corn and oats the amount available is not far from that of a year ago. The gradual, and almost constant rise in the yield per acre in this country is indicative of better farming methods. Ten and twenty years ago, climatic conditions such as were prevailing over a large part of the country this year, would have resulted in almost a crop failure, but the restoration to the soil of the fertility of which it is in need to assure a better return for the labor is showing its results in average yields in a year of uncertain climate. High temperatures and insufficient rainfall, which from time to time settle over the Trans-Missouri regions and the central part of the Mississippi valley are no longer attended with abandoned acreage. This year is an admirable and effective showing of the better methods used on most

of the farms, in the production of a corn crop of average size, and of an oats crop that a few years ago was considered a bumper crop.

The world's greatest need—wheat—the chief breadstuff of the civilized world and of most of the people of this nation, has not only been a good crop, but an exceptional one. The aggregate yield of 739,000,000 tops last year's record of 730,000,000, and with 30,000,000 more bushels in store in elevators, mills and on the farms at the beginning of the crop season, there is available a larger supply per capita than at any time in recent years. There is over and above the domestic need 170,000,000 bushels, and for the second consecutive year the United States becomes a heavy exporter of wheat. Last year, of the world's total wheat exports of 660,000,000 bushels, the United States furnished 143,000,000, ranking such great surplus wheat producers and exporters as Russia, Argentine and Canada, and again the surplus of this country will go to feed Europe and provide a credit balance with the nations abroad of \$155,000,000.

The possibility of this nation raising a billion bushels of wheat is no longer a remote one. The coincidence of a heavy winter and spring wheat yield is likely to secure such result almost any year.

General business in this country is showing a degree of confidence and courage that is both reassuring and remarkable, in view of the rather strained credit situation abroad. This confidence and courage all through the Middle West, and in fact, the entire United States, is generally accepted as indicative of a sound business situation. The most striking feature of the advices to the Continental and Commercial National Bank of Chicago, referring to the agricultural prospects and business outlook, is the absence of pessimism in face of a rather high and tight money market.

BANKING PUBLICITY

Conducted by T. D. MacGregor

A Flower Show

A Paterson, N. J., Bank Does Something Unusual and Has 15,000 Visitors

WE are indebted to Mr. Wessels Van Blarcom, assistant cashier of the Second National Bank of Paterson, N. J., for particulars of a free floral show which was held in the bank's building on the first Saturday of September.

The newspaper advertisement announcing the show read as follows:

THE
PATERSON FLORICULTURAL SOCIETY
will exhibit a beautiful collection of
DAHLIAS
IN THE BANKING ROOMS OF THE
SECOND NATIONAL BANK
PATERSON, N. J.
SATURDAY, SEPTEMBER 6TH
from 10 a. m. till 9 p. m.
THE PUBLIC IS CORDIALLY INVITED

The news article concerning the exhibit was as follows:

Twenty-five hundred beautiful flowers are on exhibition to-day at the Second National Bank and the doors of the handsome building will be thrown open to the public at 10 o'clock this morning and remain open until 9 o'clock to-night. This splendid free floral show is given by the members of the Paterson Floricultural Association and the bank building has been placed at their disposal because of its fitness for such an event.

A score or more of exhibitors were busy last night arranging the exhibits. Ten tables have been arranged in an attractive manner and all of these are literally abloom with some of the finest flowers yet seen in Paterson. On several of the tables are over 300 flowers, while on others there are less.

Dahlias are naturally in the majority this season of the year, but the variety of this beautiful species is so great that it takes all one's time to inspect the innumerable colors and shades and observe the different character of each particular flower.

The idea of holding the exhibition was evolved by Wessels Van Blarcom, the assistant cashier of the bank, and after he had outlined the plan to the bookkeepers and clerks all displayed a deep interest and helped to so arrange the table as to make the exhibit most attractive to the public in general.

It is expected that thousands of visitors will call at the bank to-day to take advantage of this free exhibition and see for themselves what Patersonians are doing and can do in the line of raising beautiful flowers in their yards. The bank has the double purpose of holding this exhibition of giving the public an opportunity of seeing these fine growths and at the same time making the bank building an interesting place. As a rule few people enter a bank excepting on business. The interior of the Second National Bank is among the prettiest in the State, and on this occasion the remarkable circular vault as well as the entire interior will be thrown open for the inspection of the public. Edwin N. Hopson, cashier of the bank, and Mr. Van Blarcom were both on hand last night when the exhibit was laid out. Hundreds of spectators stood outside the glass doors and looked on as the flowers were arranged.

Inasmuch as dahlias formed the principal part of the exhibit, Henderson's booklet on "Dahlias, History and

Culture" was given away with the compliments of the Second National Bank.

In regard to the advertising benefit of all this to the bank, Mr. Van Blarcom said:

"We secured a considerable amount of publicity. It is estimated that 15,000 people saw this beautiful exhibition of flowers, and at the same time were led to admire the interior of our up-to-date institution."



A Savings Bank Argument

An Unusually Interesting News Article That Was a Fine Savings Advertisement

BY W. R. MOREHOUSE, ASSISTANT CASHIER, GERMAN-AMERICAN TRUST & SAVINGS BANK, LOS ANGELES, CAL.

THE newspaper article reproduced below describes a recent robbery in Los Angeles. It is the same old story, that of a person who has no faith in banks, and who is too stingy to rent a safe deposit box. The incident was published in all of our papers, and I am really surprised at the usually up-to-date Los Angeles advertising men who did not use this circumstance as the foundation for a good "ad." the following morning. While the story is only another instance of history repeating itself, it is presented from a different angle, and it has occurred to me that BANKERS MAGAZINE might get some ideas from what is suggested in the article which follows:

The savings of two years of married life, the fruits of many privations and denials, which were to be used in paying for a little home, were taken away early yesterday morning by the ruthless hand of a thief, according to the report at the police headquarters. The victims were R. R. Hankins and his wife of 425 East Fourth street. The savings amounted to \$1,500, mostly in gold. The couple attribute their loss to the woman's fear of banks, brought about by the heavy financial loss sustained

by her father when a bank failed in Minnesota.

The money was in a little box hidden in a bookcase. Often the husband had cautioned his wife to place the money in a bank, but she feared a failure. No one knew the money was there, she reasoned, not even her husband's parents, with whom they lived, and it was far safer. And so each week she added a few pieces of gold to the hoard and the vision of the little home grew brighter.

Before they were married she was Maud Miller and Hankins was a car inspector on the Southern Pacific. He earned about \$1,200 a year. When the girl consented to marry him, according to the story told by his parents, she made the condition that Hankins would give her a home of her own in two years, and that on the day of the wedding he should show a deed to the lot whereon the home was to stand.

So Hankins, who is thirty years old, went to work and scrimped and saved and at last bought a lot. Then Maud Miller came out from Minnesota and they were married. They rented two little rooms

in the same house with the husband's parents, Mr. and Mrs. I. W. Hankins, and began to save.

Each week Hankins turned over to his bride his pay, and after taking out only what was absolutely necessary to provide for them, she would put the rest in a little japanned box which she hid.

From time to time the couple took out the box and counted the gold pieces. When they had more than \$1,000 they started to build on their lot on East Third street. The house was to cost about \$1,000 and they had saved enough to furnish it.

Tuesday night they counted the money again, and the husband says he begged the wife once more to place the money in the bank. It meant much to them, for they had undergone many denials and privations to save it. But she would not agree, still fearing banks.

The little bookcase sits near a

window. Each morning when the couple awoke Hankins looked at the bookcase to see that everything was safe. Yesterday morning he discovered that the window was open, the books were lying on the floor and the money gone.

The matter was reported at once to the police, but Detectives Beaumont and King, who were assigned to the case, have yet no clew to work upon. A reward of \$300 was authorized last night by Hankins.

The building on the little home is stopped, and unless the money is recovered the house will be turned over to the builders.

Both Hankins and his wife declared that they had learned a dear lesson. Bank failures are not as frequent or as easy as robberies.

They will now start to save again, but each week their savings will be recorded in a little bank-book.



How Banks Are Advertising

Note and Comment on Current Financial Publicity

THE Union National Bank of Louisville, Ky., publishes a house organ in the form of a monthly trade letter, and has adopted the use of cartoons as a feature of the publication. Paul Plashke, cartoonist of the "Louisville Times," is drawing the illustrations.

A section of a recent issue of the "Florida Times-Union," published at Jacksonville, was devoted to the banks of that city, the section containing advertisements of many banks. As far as the observation of the business manager of that paper goes, he has never before noted a Southern paper carrying a full section advertising banks.

The Power City Bank of Niagara Falls, N. Y., issued an especially handsome vicennial statement upon its twentieth anniversary last summer. It had a "made in Germany" cover with a fine view of the Falls on it.

The Century Savings Bank of Des Moines, Iowa, has its statement printed inside of a "cut out" folder made of its trade-mark shield, which we feel is good enough to reproduce herewith.

The First National Bank of Gainesville, Fla., issued a pleasing booklet in commemoration of its twenty-fifth an-

niversary. The features of it were some excellent halftone cuts of the interior of the bank, appropriate quotations, and a good outline of the services rendered by the bank. The purpose of the book is thus expressed in the introduction:

Looking backward over the quarter century of its history, The First National Bank of Gainesville feels, in no small degree, that it owes a token of thanks to its friends and depositors who have made possible the splendid measure of growth that has gone on steadily through the years. This brochure is being issued as an appreciation of good will.

“Why I Moved My Valuables” is the name of a particularly good safe deposit booklet issued by the American Trust & Savings Bank, Birmingham, Ala. It is written in the first person and thoroughly illustrated. It is packed full of human interest, and is well gotten up mechanically.

Another booklet along similar lines but in small, vest-pocket size is “What If This Happened to You,” issued for the Wilmington Savings & Trust Company, Wilmington, N. C.

Robert K. Porter, assistant cashier of the Commercial Trust & Savings Bank, Prescott, Ariz., writes:

We would be very glad to have you place us on the list of banks with which you are exchanging advertising literature. We enclose herewith samples of original booklet on drawing of wills and two folders which are reprints of copy sent out by the Trust Company Section of the American Bankers Association.

The original booklet is entitled “Tomorrow It May Happen.” It is a good argument for the prompt making of wills. The introductory paragraph reads:

Today we own property; tomorrow Death works a transmission to others. Against the coming of Death prudent men provide while yet they may—by will and by appointing trustees who will administer their affairs after their deaths, capably, honestly, unflinchingly.

The other folders referred to contain excellent matter, and this serves to call attention to the efficient service

the Trust Company and Savings Bank sections of the American Bankers Association are performing in providing their members with good matter for educating the public in saving and fiduciary matters. It will pay you to keep in touch with the Secretary of your section at the New York office of the association.



A Good Suggestion

An Alphabetical Arrangement of Our Exchange List.

MR. F. W. Ellsworth, publicity manager of the Guaranty Trust Company of New York wrote us:

One of the best features that has been introduced into your department is the “Bank Advertising Exchange.” In swapping publicity matter with other institutions in different parts of the country, one cannot help but receive new and valuable ideas. The value of this exchange to me, however, and no doubt to others, would be somewhat increased if the names of the individuals were arranged alphabetically.

Mr. Ellsworth’s suggestion is carried out, as will be observed, and we trust our readers will find the new arrangement a convenience.



A FINE EMBLEM



CAPITAL \$2,000,000.00

SURPLUS \$2,000,000.00



THIS bank was organized in 1857 as the Southern Bank of Saint Louis and nationalized December 25th, 1863, but its real growth and progress began in 1897 after a re-organization and the establishing in control of the present Directors and management.

Our statement of April 1, 1897, indicated, Capital \$1,000,000. Surplus and Profits, \$136,000. Deposits, \$4,085,000, and we beg to refer you to the enclosed in comparison.

This rather phenomenal growth has been brought about by the co-operation and assistance of friends and depositors, and without absorbing or consolidating with any other bank; also because our institution has confined itself strictly to attending to the interests of its customers, and conducting solely a commercial bank.

We cordially urge you to join your forces with ours to further increase and build up a Saint Louis institution, believing once the connection is established, we can render service to you which will make it mutually satisfactory and agreeable.

If you are at present a depositor of this bank, we hope you will bring some of your friends to us—if not, it will be a pleasure for us to have one of our officers confer with you at your convenience.

THIS IS COPY FROM FRONT COVER OF THIS BANK'S LATEST STATEMENT. THE EMBLEM, IN THE ORIGINAL, IS PRINTED IN TWO COLORS. THE BANK HAS NEW COPY ON THIS PAGE OF EACH NEW STATEMENT

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and other changes.

F. R. Adams, Will Co. National Bank, Joliet, Ill.
 C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
 The Bankers Magazine, New York
 H. C. Berger, Marathon County Bank, Wausau, Wis.
 B. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.
 W. O. Booser, treasurer, American Trust Co., Jacksonville, Fla.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
 E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
 C. W. Beerbower, National Exchange Bank, Roanoke, Va.
 H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
 Commercial Bank, Midway, Kentucky.
 B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.
 H. Reed Copp, Asst. Adv. Mgr., Old Colony Trust Co., Boston, Mass.
 Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.
 H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
 Dexter Horton National Bank, Seattle, Wash.
 J. T. Donnellan, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.
 T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
 W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
 J. C. Eherspracher, assistant cashier, First National Bank, Shelbyville, Ill.
 A. A. Eklrch, secretary, North Side Savings Bank, New York City.
 F. W. Ellsworth, Publicity Manager, Guaranty Trust Co., New York.
 The Franklin Society, 38 Park Row, New York.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 First National Bank, Lead, S. D.
 Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.
 A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Jas. P. Gardner, Hanover National Bank, New York City.
 Germantown Ave. Bank, Philadelphia, Pa.
 C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
 B. P. Gooden, adv. mgr., New Netherland Bank, New York.
 C. F. Hamsher, First National Bank, Los Gatos, Cal.
 Victor F. Hann, Mgr. Publicity Dept., The Fifth Avenue Bank, New York City.
 J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
 E. A. Hatton, cashier, First National Bank, Del Rio, Texas.
 F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.

John R. Hill, Barnett National Bank, Jacksonville, Fla.
 J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.
 Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
 W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.
 Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.
 W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.
 Henry M. Lester, National City Bank, New Rochelle, N. Y.
 L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
 R. H. Mann, The Bridgeport Trust Co., Bridgeport, Conn.
 H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.
 Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
 Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
 Nebraska State Bank, Ord, Neb.
 J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
 R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.
 A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
 Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.
 C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
 George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 Almot Schlenker, assistant cashier, First National Bank, Brenham, Tex.
 Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.
 T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 Union Trust Co. of the D. C., Washington, D. C.
 Wersels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.
 John W. Wadden, Lake County Bank, Madison, S. D.
 Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
 E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

NEW NAMES THIS MONTH

A. F. Bader, Pub. Mgr., City National Bank, Evansville, Ind.
 Commercial Trust & Savings Bank, Prescott, Ariz.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

German American Trust and Savings Bank, Los Angeles, California

FEW banks in the country have shown a steadier and larger rate of growth than this institution, its deposits rising from \$600,000 in 1893 to over \$19,000,000 at the present time.

This progress has, of course, been due chiefly to the immense growth in population and wealth which has made Los Angeles remarkable among the cities of the world; but the careful energetic management of the bank has helped on this progress immeasurably.

The efficient service on which this bank justly prides itself has brought results, as the figures quoted above abundantly prove. Further affirmative evidence of the bank's progress is shown in the illustrations of its new quarters presented herewith. The build-

ings occupied by the bank at various periods in its history strikingly portray the steady and rapid advance of the institution in the well-deserved confidence of the public.

This is a bank whose officers are not only thoroughly experienced in banking but who have instilled the practice of alert, efficient and courteous service through every department, until it pervades the very atmosphere.

Although the bank is a busy place, having 45,000 depositors, some officer or clerk always has time to give prompt attention to the wants of every one.

ENTERING THE NEW HOME.

For some time the bank had been growing so rapidly that even the commodious quarters at Fifth and Spring streets became inadequate and the search for a new location began. Of late years the tendency of the Los Angeles financial centre has been southward, and this fact led the officers of the bank to decide on the new Union Oil Building at Spring and Seventh streets as the most appropriate location.

Accordingly, the German American Trust and Savings Bank leased for a long term of years the ground floor, mezzanine and basement of the new building. Adequate space was obtained, the main lobby measuring forty by one hundred and ten feet, and the total floor space exceeding thirty thousand. Here it has been found practicable to provide ample working room for the official and clerical staff of the bank and also to accommodate the bank's numerous depositors much better than was possible in the former building, large as it was.

A BRIEF DESCRIPTION.

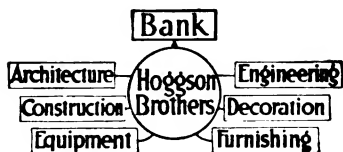
The main banking room is supported by massive white columns of Champville marble from Southern France, surrounded by a commodious mezzanine floor. All counters are made of bronze and marble. The counter screens are of gold-plated bronze. Verde antique bronze has been employed for all other metal work. Mosaic tile forms the floor of the main lobby.

The interior decorations combine the highest art of the architect and skilled decorator. The lofty ceiling represents an adaptation of two classic periods, a moulding of the vigor and purity of line of Greek art with the richness of the Byzantine. Edward



NEW HOME OF THE GERMAN AMERICAN TRUST AND SAVINGS BANK IN THE RECENTLY ERRECTED UNION OIL BUILDING. ON JUNE 14 THE BANK MOVED INTO THESE NEW QUARTERS, OCCUPYING THE ENTIRE GROUND FLOOR, COMPRISING OVER 30,000 SQUARE FEET OF FLOOR SPACE.

Dovetailing (in Building Operations.)



The perfect coöperation of all departments in any organization strengthens the structure of which they are parts.

We plan and construct Bank Buildings on that principle. (See Diagram).

Schedule fits schedule and lost motion, friction and delays in the building operations are eliminated. A single contract covers everything from design and plan to decoration and furniture if desired. Final cost is limited before actual construction begins.

Write for our book. "The Hoggson Single Contract Method."

**We Build from
Coast to Coast**

HOGGSON BROTHERS

7 East 44th St. : New York City

National Shawmut Bank Building : Boston

First National Bank Building : : Chicago

A NOTABLE BOOK

The Economic Causes of Great Fortunes

By ANNA YOUNGMAN

This is a thorough study of this important subject. Miss Youngman, who is connected with the department of economics at Wellesley College, has given her subject careful study and close research. Her book will be read with interest and profit by all students of economic subjects.

The New York "Times" said editorially: "There is nothing feminine about this book. Dr. Youngman may take her seat beside Ida Tarbell, who knows how to impress herself upon her times even without voting."

"The Nation", May 12, 1910, said: "Marked by intellectual balance in discussion and judicial care in the statement of facts."

The book is issued in attractive and readable form, making a volume of 200 pages, bound in red cloth, with title in gold. The price is \$1.50 net.

THE BANKERS PUBLISHING COMPANY

258 Broadway

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New York City

"DREADNOUGHT" FLOORING



Office, 30 East 42d Street, New York City

An ideal floor for Banks and Trust Companies, because it is durable, resilient, odorless, non-slippery, artistic and reasonable.

Furnished in squares and rectangles as well as in interlocking units.

SOME RECENT INSTALLATIONS

Fulton Trust Company,	New York.
American Trust Company,	Bridgeport, Conn.
Richmond Savings Bank,	Richmond, Va.
National Savings Bank,	Newark, New Jersey.
Burlington Trust Company,	Burlington, Vt.
Farmers National Bank,	York, Penna.
Mechanics Bank,	Brooklyn, New York.

Samples and Catalogues on Request

DREADNOUGHT FLOORING COMPANY

30 East 42d Street, New York



OFFICERS GERMAN AMERICAN TRUST AND SAVINGS BANK OF LOS ANGELES, CALIFORNIA

J. Holslag, an artist of world-wide reputation, superintended the final ornamentation. The architects were the Weary & Alford Company, of Chicago, and Parkinson & Bergstrom, of Los Angeles.

It is no exaggeration to say that the

equipment and furnishings of the German American's new home are of regal magnificence. The officer's spaces in the main banking room are finished in rich Brazilian mahogany and beautifully patterned English oak, combined with Circassian walnut. Rich



PARTIAL VIEW OF MAIN BANKING ROOM



SECTION OF TELLERS' WINDOWS

draperies extend half way down the windows.

The lighting system of the new bank is unique in Los Angeles—an example of the “indirect” lighting, worked out with scientific care. No lights or lighting fixtures of any kind are visible. Incandescent lamps,

Spring street. From a massive marble vestibule you pass directly into the main banking room. At the left, a stairway descends to the safe deposit department. An elevator, situated in the vestibule, is at the disposal of patrons desiring to go to the safe deposit department, or to the trust and



STAIRWAY TO MEZZANINE FLOOR

with brilliant reflectors, are mounted in each of the forty-eight pylons about the room. Though every lamp is concealed, this system supplies ample artificial illumination to every desk in the bank. The balustrade around the mezzanine floor is also similarly equipped.

The main entrance of the bank is on

escrow departments on the mezzanine floor.

A commodious rest and retiring room is provided in the basement for women. It is conveniently accessible, either by the stairway or elevator. Telephones, writing conveniences, etc., are provided. The room's furnishings are elegant.

For the men, dressing rooms and lockers



PORTION OF MEZZANINE FLOOR, SHOWING MAGNIFICENT BALUSTRADE AND CEILING

are provided, even including shower baths. Similar rooms and lockers are at the disposal of the women employees.

One of the most interesting features of the new bank is the waste paper room. Thirty steel bins have been installed—a bin for each day's waste. The bin containing the oldest papers is emptied and the con-

tents burned each day. This system enables a quick search for any lost papers.

Although many original difficulties were encountered in solving the ventilating system, a solution was finally arrived at that furnishes thorough, efficient ventilation. The air in the banking room is changed every six minutes. In the winter the air is



VESTIBULE OF SAFE DEPOSIT VAULT, SHOWING FIFTY-TON DOOR

warmed by heating coils in the mixing chamber, in the summer it is cooled by means of water coils.

A refrigeration plant in the basement provides cool, filtered water at several fountains for employees and patrons.

THE SAFE DEPOSIT DEPARTMENT.

One of the most attractive features in the German American Trust and Savings Bank's new home is the safe deposit department. The uninterrupted attention of a skilled engineer was devoted solely to this department. The construction of the walls, roof and floor of the vaults makes them impregnable. Supplementing the impassible construction of twisted steel, iron and re-enforced concrete is an electric alarm system. Absolute protection against illicit entrance to the vaults is thus assured. The great round door and vestibule weigh fifty tons.

The many unique, advanced features of equipment installed by the German American Trust and Savings Bank furnish an ample chapter in themselves. A brief resume of them here should be of interest:

A complete pneumatic tube system, comprising twenty stations, provides quick inter communication throughout the bank.

The telephone system includes ninety stations, for the use of the public, officers and employees.

A five-dial clock, showing simultaneously the correct time in Los Angeles, Chicago, New York, London and Hong Kong, is mounted at the extreme west end of the lobby. This information, always available at

with an officer on the outside by means of the telephone.

A large trunk vault for the safe keeping of trunks, silver chests, etc., is reached by the exterior elevator. Commodious coupon booths, large and small, are provided for patrons. Ample trustee rooms for the



THE GERMAN AMERICAN TRUST AND SAVINGS BANK MOVED TO THIS LOCATION AT 223 SOUTH SPRING STREET, IN 1906. A BRANCH WAS RETAINED AT THE OLD LOCATION AT MAIN AND FIRST STREETS

meetings of officers of outside corporations are provided also.

The new home of the German American Trust and Savings Bank marks its fourth location since its inception in 1890. The photographs reproduced herewith show at a glance the bank's progress from its original diminutive home to its present magnificent quarters.

GROWTH IN CAPITAL AND DEPOSITS.

The original capital of the German American Trust and Savings Bank was \$100,000. At that time, twenty-three years ago, Los Angeles was a city of 50,000 people. Three years later the bank's deposits had mounted to over \$600,000. In the score of years from 1893 to 1913, this figure has been multiplied by thirty-eight, the deposits to-day aggregating over \$19,000,000. The growth of the German American in the last five years has been even more notable. In this brief period the deposits have more than doubled. The number of depositors has reached a total in excess of 45,000.

The growth of Los Angeles is recognized throughout the world as phenomenal, yet the German American has grown four times as fast as the city itself. Throughout its twenty-three years' existence the management of the bank has remained practically unchanged in the hands of its founders.

The original \$100,000 capitalization was increased to \$200,000 in September, 1902. Less than four years later, January, 1906, the bank's capital stock was raised to \$600,000. In October, 1909, another increase of the capitalization brought it up to \$700,000. The present capitalization of \$1,000,000 was authorized on April 10, 1912.



GERMAN AMERICAN TRUST AND SAVINGS BANK'S FIRST HOME IN LOS ANGELES—A BUILDING ERECTED IN 1890 AND USED FOR MANY YEARS—AT THE CORNER OF MAIN AND FIRST STREETS

a glance, is of constant use in conducting out-of-town business or money transfers.

As a safeguard for the protection of any employee who may be accidentally locked in the vaults, a special telephone system and ozonators have been installed in the interior. Should occasion arise, the employee would merely turn on the switch and liberate ozone to purify the air until he had communicated

A recent public statement, for the six months ending July 1, 1913, was as follows:

RESOURCES.

Cash	\$3,387,362.06
Bonds and other securities.....	1,362,943.21
Loans	17,291,906.97
Safe deposit vaults.....	40,000.00
Furniture and fixtures.....	Charged off
Real estate	None
Total	\$22,082,212.24

LIABILITIES.

Deposits	\$19,879,566.17
Capital stock paid.....	1,000,000.00
Surplus and undivided profits.....	1,138,052.94
Reserved for equipment.....	64,593.13
Total	\$22,082,212.24

On July 24, changes in the personnel of the bank's management were made by the promotion of two officers. The officers now are as follows: M. N. Avery, president;

W. E. McVay, vice-president; J. F. Andrews, vice-president; R. P. Hillman, cashier and secretary; W. W. Gibbs, Jr., assistant cashier; J. Veenhuyzen, trust officer; W. R. Morehouse, assistant cashier; O. C. Schmidt, assistant secretary; L. B. Howe, assistant trust officer; George A. Mattern, assistant cashier.

Directors: W. S. Bartlett, chairman of board; O. T. Johnson, Gail B. Johnson, Isaac Milbank, C. N. Flint, Victor Ponet, J. M. Schneider, P. F. Schumacher, Walter F. Haas, Charles E. Anthony, E. S. Rowley, Walter Bordwell, M. N. Avery, W. E. McVay.

The gratifying success of this bank has not been accidental. It has resulted from adherence to a policy whose first consideration has been safety, combined with energy and the adequate means of efficient fulfillment of the functions of a modern bank.



IN 1908 THE GERMAN AMERICAN TRUST AND SAVINGS BANK LEASED THE ENTIRE GROUND FLOOR OF THIS BUILDING. AT THAT TIME THE OFFICERS HAD NO IDEA THAT THESE QUARTERS WOULD BE OUTGROWN IN FIVE YEARS

Words Belied His Looks

THE "B. & M. Book" of New York has a little sketch of Stephen Girard, the great Philadelphia banker-philanthropist, from which this is taken:

Girard College is an institution unparalleled in all the world to-day. From it each year are graduated bright, clean, active, alert boys who go into the world and do their little mite to transform it for good.

Girard set forth in his will that no clergyman should ever enter the gates.

One day Horace Greeley, whose dress closely resembled a clergyman's, was halted.

"You can't go in!" said the gatekeeper.

"Why not?" asked Greeley.

"Because you're a minister."

"The hell I am," said Greeley, pushing aside the gatekeeper.

Utah Savings and Trust Company, Salt Lake City

FEW American communities have had a more romantic history than that of Utah and its chief city. The story of the struggles of the hardy pioneers who fought against the disadvantages of primitive life and overcame them, constitutes one of the most interesting chapters in the history of Western development.

The adverse forces against which the Utah colonists were compelled to contend, the rugged grandeur of the scenery and the invigorating atmosphere—all these united to develop a strong and self-reliant character among the people which has been a factor of great importance in developing the rich and varied resources of the State.

Banking was not exempt from the vicissitudes of pioneer life, and in the early days some crude means of exchange were

employed. Most of the instruments of trade were represented by products of the farm, but out of the evolution of trafficking and bartering with commodities there developed a more substantial era—a period when things of an imperishable character and of intrinsic worth came to be used as the basis of interchangeable values.

No better illustration of the solidity and solvency of the banking institutions of Salt Lake City and the supreme faith reposed in them by the people can be given than to recall the splendid attitude of both during the financial depression and subsequent panic of 1907, which assumed such widespread and alarming proportions. When great financial concerns throughout the country were confronted with grave problems, some uncertain as to what the day might bring forth, some tottering under the burden of alarming conditions and some closing their doors because of the unpreparedness and inability to meet the despairing demands of customers—and because, too, of the imprudent investments and speculative tendencies on the part of some of the banks—the Salt Lake City banking-houses demonstrated their ability and willingness to accommodate their patrons. Not only did these banking-houses meet every obligation imposed on them without protest or delay, which usually invite doubt and end in suspicion, but they so successfully and sagaciously comprehended the dilemma and recognized the requirements of the people as to wholly disarm distrust and to inspire unshaken confidence; to bring about security of mind and tranquillity of commercial purpose. The Utah Savings and Trust Company was one of the many local banks that passed through the financial disturbance that wrecked so many institutions and dismayed so many individuals. This company met the situation with composure and dignity, emerging, as all of the other Salt Lake City banks did, from the clouds of impending disaster to a season of increased success and usefulness.

Twenty-five years ago the Utah Savings and Trust Company commenced business in a modest way, but possessing one of the greatest assets a banking concern can own, having for its officers men who had for years been identified with other Salt Lake banking-houses and mercantile establishments, and who for more than a quarter of a century had been at the head of the greatest mining and industrial proposition in Utah, and who had achieved success by their mental qualifications and sound business judgment. So that from the start, when the young bank went before the people soliciting recognition, the men in charge



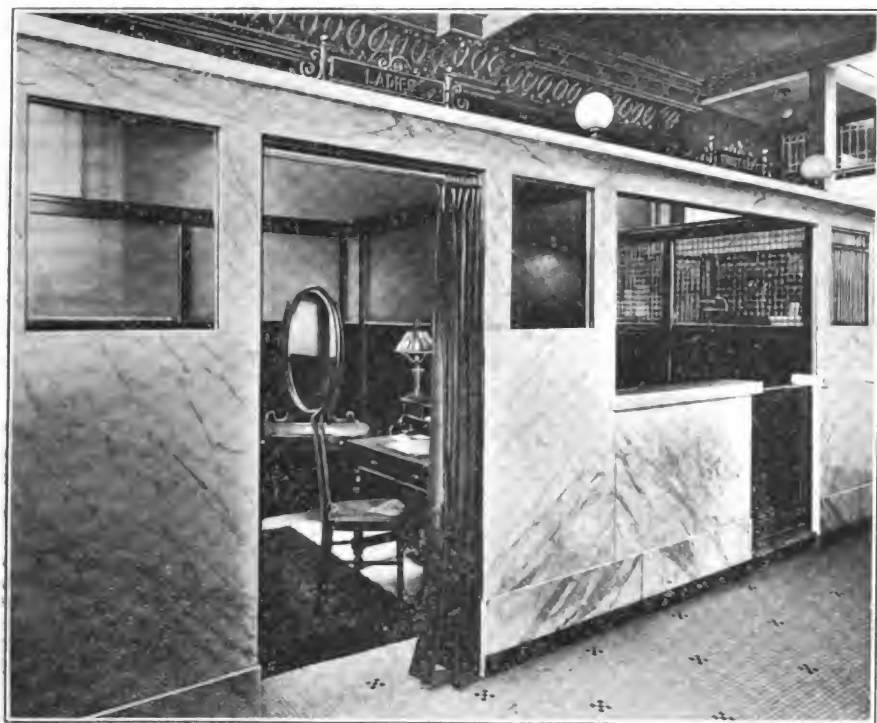
UTAH SAVINGS AND TRUST COMPANY, SALT
LAKE CITY



DIRECTORS' ROOM



TITLE CERTIFICATE DEPARTMENT



WOMEN'S DEPARTMENT



SAFE DEPOSIT VAULTS

of it inspired confidence and won speedy success, a success that has never waned and a confidence that has never been forfeited or impaired.

Realizing the necessity of having additional banking-house facilities to properly accommodate its natural growth of business, the board members resolved to erect their own building, selecting a location where the trend of business indicated the inevitable business centre of the city. Excavation work was commenced in 1906 and the building was completed and ready for occupancy December 1, 1907.

As though correctly anticipating the onward march of up-to-date requirements, the demand of tenants and the quick coming of other thoroughly modern, fireproof buildings, the plans for the company's new edifice embraced every detail and essential convenience and comfort of a strictly modern structure and one that for some time will be so regarded.

The building, which is seven stories high, is constructed of steel and reinforced concrete, and was the first complete building of this type to be erected in Salt Lake City. The front is of Utah marble, with large pillars of grayish Kvune stone supporting the upper stories, giving the front elevation a decidedly striking and attractive appearance. The interior, or counting-room proper, presents a scene of quiet, rich and restful appearance, inviting by its elegant

and subdued tones; the varying tints of Italian marble and frieze of ivory are artistically blended with the shading of the wainscoating; decorative furnishings and metal fixtures reflect the master hand of genius in art embellishment. The entire plan of the ground floor is admirably adapted for the convenient, systematic and expeditious handling of the company's affairs, which embrace commercial and savings banking, the complete functions of a trust company, bonding, title insurance and safe deposit department. The last-named auxiliary combines features wherein the employment of every known means of safety against loss by fire and theft is in force.

Recently the company increased its capital stock from \$250,000 to \$300,000, and the surplus from \$35,000 to \$100,000. The advancement of the Utah Savings & Trust Company's affairs in the banking world has been marked by a steady, yearly increasing business, the company enjoying the esteem and respect of the people.

The officers and directors responsible for this gratifying record of sound banking progress are: W. S. McCornick, president; E. A. Wall, vice-president; W. Mont Perry, vice-president; Frank B. Cook, cashier; N. G. Hall, assistant cashier; F. C. Jensen, F. N. Cameron, F. A. Fisher, F. S. Richards, W. J. Halloran.



NEW YORK TITLE INSURANCE COMPANY OFFICE, NEW YORK CITY;
SHOWING DREADNOUGHT FLOORING.

Syracuse Trust Company

FOR solidity and beauty of construction, the new building of the Syracuse Trust Company of Syracuse, N. Y., ranks among the fine financial structures of the country, while for spacious and convenient adaptation to the needs of both customers and the officers and employees of the company it may well serve as a model. The construction of a building of this character is also a most substantial witness of the

dant illumination for every corner of the space without allowing the direct rays of the sun to come through. This light is further softened by the finish of the inside walls, for to attain the desired effect, many tons of ground French Caen stone were used. The counters and customers' desks are of a beautifully carved Italian Tavernelle fleuri marble which blends delightfully with the Caen stone of the walls. Tennessee marble



IMPOSING FACADE OF THE NEW BUILDING OF THE SYRACUSE TRUST COMPANY

enduring foundation of the institution itself.

The new building is a massive example of Greek Doric architecture. Huge columns of solid granite are flanked on either side by granite masonry. Plain solidity instead of studied ornamentation greets the eye in front. Three easy steps lead to the massive bronze entrance doors.

The inside is treated in the same severe but beautiful style as the outside, Corinthian columns and pilasters being used instead of the Doric. The chief feature is the size of the main banking room which occupies nearly the entire ground floor. The open space is seventy by one hundred feet and forty feet high, making it one of the largest banking rooms in the country. A large skylight of prism glass affords abun-

was used for the floor of the main lobby and the floors in the working spaces are of pressed cork. Fluted Corinthian pilasters give an appearance of stability in conformance with the general construction. At the west end of the room is a beautiful cathedral glass window, reproducing with artistic effect the seal of the city of Syracuse.

On one side of the main entrance is a ladies' room and on the other are the private offices of the secretary and treasurer, which are finished in Circassian walnut. Above these are the directors' room and a committee room, both in San Domingo mahogany. The banking department extends down the south side of the main room and on the north side are the safe deposit and trust departments. There are six vaults in



F. R. HAZARD
PRESIDENT SYRACUSE TRUST COMPANY



JAMES M. GILBERT
TREASURER SYRACUSE TRUST COMPANY



MAIN BANKING ROOM, SYRACUSE TRUST COMPANY



OFFICE OF TREASURER AND SECRETARY, SYRACUSE TRUST COMPANY

the building—two of which are for the use of the public.

A mezzanine floor along the rear of the building gives room for future growth.

The Syracuse Trust Company was organized in 1903 and since that time has grown in deposits at an average rate of nearly a half a million dollars a year. The capital, surplus and profits have increased from \$600,000 to \$850,000 during that time.

The directors have always been men of prominence in business and financial circles in the city, who have given their close attention to the development of the company. The president is F. R. Hazard, who also heads The Solvay Process Company. The vice-presidents are W. L. Smith, president of the L. C. Smith & Brothers Typewriter Company; William Nottingham, last year president of the New York State Bar Association, and W. A. Holden, treasurer of the Empire United Railways Company and the Auburn & Syracuse Electric Railroad Company. James M. Gilbert, the treasurer, was the company's first secretary. The present secretary is Harral S. Tenney, formerly with the banking firm of Kissel, Kinicutt & Company of New York.

The conservative management of the company has secured the care of an increasing number of estates and trust funds. This department is under the direction of Claude Trinder as trust officer.

The bond department, which was started three years ago, makes a specialty of the best local securities.

The various departments of the company are thus well equipped, and with the addi-

tional facilities afforded by the new building, the very satisfactory rate of growth during the past ten years will no doubt be surpassed.



HARRAL S. TENNEY
SECRETARY SYRACUSE TRUST COMPANY



LADIES' ROOM SYRACUSE TRUST COMPANY



TRUST DEPARTMENT, SYRACUSE TRUST COMPANY



WAITING ROOM, SYRACUSE TRUST COMPANY

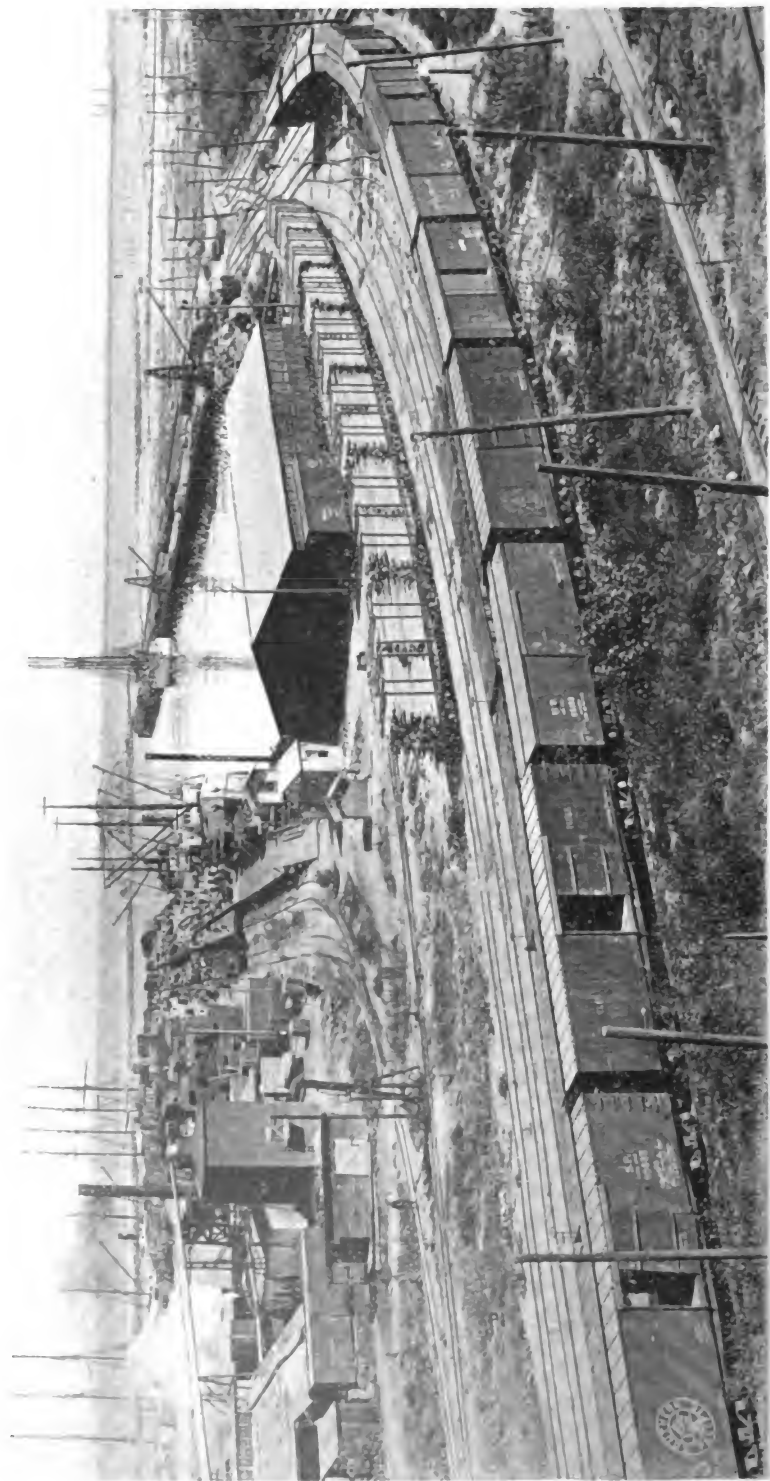


SAFE DEPOSIT VAULTS, SYRACUSE TRUST COMPANY

Why You Need a Safe Deposit Box

THIS is the title of a pamphlet issued by the Standard Safe Deposit Company of New York. It makes out

a good case in a general way and then points out the special advantages of the company in question.



LOS ANGELES HARBOR, SHOWING MAIN BREAKWATER AND OUTER HARBOR IN DISTANCE ON THE RIGHT, AND INNER HARBOR WITH BREAKWATER AND DEAD MAN'S ISLAND IN DISTANCE ON THE LEFT. FOREGROUND, ONE OF THE SLIPS, SHOWING DOCKAGE, LUMBER YARDS, WAREHOUSES AND SWITCHYARDS

Los Angeles



"SKYLINE" VIEW OF LOS ANGELES BUSINESS SECTION

Los Angeles, The Progressive

By W. R. MOREHOUSE.

EVERYWHERE in Los Angeles is heard the prophecy, "A Million Population in 1920." When we consider that the growth of this city has been 365,000 in the past decade; that a very progressive spirit prevails, a spirit which appears to insure the success of every public enterprise from the terracing away of hills for park purposes to the building of municipal

railroads; and furthermore, when we see everywhere evidences of an embryonic state, giving promise of still greater things for the immediate future, we are convinced that the hopes of this "never-give-up" class of people will be realized.

RAPID INCREASE OF POPULATION AND WEALTH.

Only a decade ago Los Angeles had less than 135,000 population; the assessed value of all her property was \$110,000,000; her building permits for the year 1903 were but \$13,000,000, and the money on deposit in banks did not exceed \$30,000,000; while today the population is approximately 500,000, an increase in ten years of 365,000; the assessed valuation of her real property is now \$409,000,000, an increase of \$299,000,000; building permits for the year 1912 were \$31,000,000, an increase of \$18,000,000; and there is on deposit in thirty-five banks \$187,000,000, an increase of \$157,000,000; a comparison showing a growth more remarkable than that of any Western city.

CLIMATE A FAVORABLE FACTOR.

Los Angeles is appropriately referred to as the "Mecca of America," in the sense that the eyes of millions of America's best citizens are turned toward her borders. Who does not have a desire to go some day to Los Angeles, where the climate is a solid asset, and where the human body is made well



BROADWAY NORTH FROM SEVENTH STREET,
LOS ANGELES



AUDITORIUM, LOS ANGELES

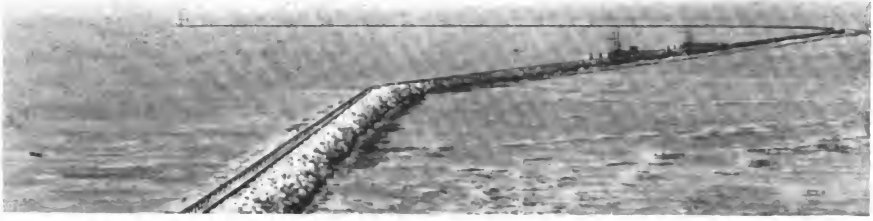
and strong under the beneficent rays of the sun, where abounds genuine Western hospitality, and where men make it a part of their business to "boost."

Tens of thousands of prosperous families from throughout the United States annually seek, away from the

Eastern storms, the shelter which Southern California affords, and particularly Los Angeles, where only eleven times in the past thirty-six years has the temperature fallen below thirty-two degrees above zero. Do you wonder that these thousands are an-



A LOS ANGELES RESIDENCE



LOS ANGELES HARBOR, SHOWING SECTION OF BREAKWATER, 11,000 FEET IN LENGTH, WITH LIGHTHOUSE ON OUTER EXTREMITY

nually augmented by additional thousands, until the three transcontinental railroads which enter Los Angeles are taxed to their capacity? This condition will always prevail; it is impossible for man to change it so long as God permits his snows to fall in winter in the North and East, while at exactly the same time He floods Southern California with warm sunshine. These thousands will never cease their annual pilgrimage so long as man regards his life, for there is no better preservative of life than the all-year-round climate of Los Angeles. With every reason to believe that the natural ele-

ments which have ruled undisputed for centuries will continue as heretofore, it is a certainty that Los Angeles will continue to rule supreme as the "Mecca of America," toward which the thousands in search of a mild climate will set their faces.

Who would not choose to live in the open during the long winter months to being shut up? Los Angeles has thoughtfully provided within its limits twenty-three parks covering 3780 acres, property valued at over \$9,500,000, in order that its inhabitants as well as visitors may have beautiful places out of doors in which to spend the winter



ORANGE GROVE, VICINITY OF LOS ANGELES



A SOUTHERN CALIFORNIA WALNUT GROVE

hours. Is it any wonder that the visitor soon begins to feel the spirit of the city grip him, and begins to realize at the same time that somehow he is also losing his interest in the old home back East, although he may lovingly remember its surrounding maples and cornfields. If he should think of the freezing weather, and the great snow-drifts, he is won at once.

OTHER SOLID ELEMENTS OF ATTRACTION.

Perhaps climate has not been the only feature in winning him; he may have been favorably impressed with the educational facilities of Los Angeles, which include more than 140 primary school buildings, besides higher institutions of learning, as polytechnic and manual arts training schools, high schools, forty private schools, and two universities. He may leave Los Angeles only half persuaded, but he will not forget all of the advantages which it offers him. In his imagination he will continue to feel the warmth of its sunshine, the freshness resulting from a dip in the Pacific, the recuperation

which accompanies a climb up snow-crowned Mount Wilson; and he will live over again the pleasant hours which he spent amid orange groves, profuse with their perfume and beautiful color—whatever it may be, there is a something that will call him, compel him to come back to Los Angeles.

Although it cannot be said that Los Angeles is a manufacturing city, still she has more than 2300 manufacturing plants, representing an investment of \$60,000,000, and employing over 20,000 men. Nor is this city a railroad center, notwithstanding she is the terminal for three transcontinental railroads, and more than 1250 miles of electric railroad in or radiating from Los Angeles. She is not a harbor city, notwithstanding she owns one of the finest harbors in the world. Her outer harbor has the distinction of being protected by a Government breakwater 11,000 feet long, and costing more than \$3,000,000, while the harbor itself has an area of 375 acres, with a combined frontage of both outer and inner harbor of twenty-two miles. More than \$5,000,000 is being expended on

wharves, and about \$1,000,000 on harbor boulevards and municipal railroads.

COMPLETION OF A GREAT WATER SYSTEM.

Further evidence of the enterprise of the city is the recent completion of a water system costing over \$23,000,000, and which is over 240 miles long, twenty miles of which is composed of tunnels. The capacity of this aqueduct is ten times that of the aqueducts of Rome combined, and is capable of developing by gravity over 120,000 horse-power of electrical energy. Not only will the aqueduct be ample to supply a city of two million population, but in addition it will have a surplus of water sufficient to irrigate 135,000 acres of farmland. The annual profit to be derived from the sale of this surplus alone will net the city of Los Angeles \$1,350,000. The annual revenue from the sale of electricity for lighting and power purposes would



BUILDING THE ELSMERE CONCRETE SIPHON



LOS ANGELES AQUEDUCT

NORTH END OF THE JAWBONE INVERTED SIPHON. ONE OF THE MOST REMARKABLE PIPE LINES EVER CONSTRUCTED. AT THE BOTTOM OF THE CANON THE WATER IS CARRIED 850 FEET BELOW THE HYDRAULIC GRADE OF THE AQUEDUCT AND HERE THE PRESSURE IS 350 POUNDS TO THE SQUARE INCH.

amount to \$1,425,000. The combined revenue from the aqueduct is estimated to be twenty per cent. of the cost of the investment. The Los Angeles Aqueduct is the longest in the world, and is all gravity. It required four thousand men more than five years to complete its construction, and more than three million pounds of dynamite was used.



AT THE OUTLET, MANY MILES OF THE AQUEDUCT ZONE WERE INACCESSIBLE. IN THE CONSTRUCTION OF ROADS THESE SURL-COTED BEASTS OF BURDEN WERE EMPLOYED TO CARRY WATER, PROVISIONS AND DYNAMITE FOR BLASTING, AS SHOWN IN THE ILLUSTRATION.

SPLENDID ROADS MAKE MOTORING A PLEASURE.

In the city of Los Angeles there are more than 110 miles of paved streets, and several times that number of graded and gravelled, oiled roads, with many more miles of macadamized roads radiating throughout Los Angeles county. Due to the fact that the motor enthusiast finds always

pleasant weather in California, there are more automobiles per capita in the city of Los Angeles than in any other city in the world.

BUILDING ACTIVITY CONTINUES.

So while it cannot be said that Los Angeles is a manufacturing city, or a railroad city or a harbor city, it can truthfully be said that she is a rounded-out city. She is not a city of transients, as some would have the uninformed believe, neither is her growth uncertain, nor her future doubtful. Building is going on to-day at even a more rapid rate than for the past decade, regardless of the outer world, and with little or no attention paid to panics, or to the increased cost of materials and labor. Not to see from five to ten, twelve to fifteen-story office buildings under construction, or as many high-class apartment buildings, is the exception; while more than one hundred fine homes are completed every day in the year.

RIISING REAL ESTATE VALUES.

Real estate values have doubled many times, evidencing the faith which the people have in the future greatness of the city. The opportunities of the past have made it possible for those who came to Los Angeles poor to amass



LOS ANGELES AQUEDUCT—A SECTION OF ONE OF THE GREAT STEEL INVERTED SIPHONS, ELEVEN FEET IN DIAMETER, WITH STEEL ONE-QUARTER TO ONE-HALF INCHES IN THICKNESS.



SECTIONS OF THE GREAT SIPHON WERE HAULED FROM THE RAILROAD STATION, SEVEN MILES OVER SANDY ROADS IN SPECIALLY CONSTRUCTED WAGONS DRAWN BY FIFTY HEAD OF MULES.

great fortunes, and what the past has done for those who invested, the future will do for those who invest now. Fifty-five hundred dollars invested less than ten years ago produced a profit to the investor of \$92,000, while \$1,200 invested about the same time produced \$20,000; and these cases are but a few out of many thousand.

BANKING GROWTH PHENOMENAL.

Not alone have real estate values doubled, but also the values of stock in banks and similar corporations. The great growth experienced by some banks is phenomenal. For example, ten years ago the German-American Trust & Savings Bank had just \$600,000 in deposits, while to-day it has \$19,879,566.17, showing a gain in the decade of over \$19,000,000, or about \$2,000,000 a year. And while this growth of the banks has been so remarkable, they have at all times shown sound judgment, leaning to ultra-conservatism regarding securities. As a



INTERNATIONAL BANK BUILDING, SPRING AND TEMPLE STREETS, LOS ANGELES



LOS ANGELES TRUST AND SAVINGS BANK

result of this conservative management, the banks of Los Angeles have been impregnable in times of financial depression and stringency, both local and nation-wide. The thirty-five banks in Los Angeles, with a paid-up capital of \$27,000,000, are progressive, but without speculative tendencies. Their meth-

for instance, "The Bank That Treats You Right," "The Bank with the Personal Service," "The Bank for Everybody," "The Bank with the Efficient Service," all of which are intended to advertise the quality of service rendered.

The hospitality which marks Los



UNION TRUST BUILDING
(Home of California Savings Bank)

ods are in advance of those used by banks in most sections, inasmuch as they are constantly on the alert for new ideas, new systems, and more efficient working plans, which they do not hesitate to introduce, if in so doing their service is improved.

Competition for new business between banks is conducted along open and above-board lines, with the quality of service as the chief point of rivalry. Nearly every bank has some slogan—

Angeles is most pronounced in the conduct of the bank officials and employees. The officers expect their patrons to seek advice, which is given prudently but cheerfully, and the humblest patron receives the same consideration as the largest depositor. The stations of the officers are generally located near the main entrance, with only a narrow ledge of marble separating them from the public corridor, and while each officer usually has his pri-



CITIZENS' NATIONAL BANK BUILDING



FARMERS AND MERCHANTS' NATIONAL BANK BUILDING

vate office, to which he may retire, he is never unapproachable, but is always within reach of those who need him.

Thus the dignity of the Los Angeles banks is preserved in a most practical way. Instead of holding themselves aloof from their patrons, the bankers court the opportunity to render any assistance within their power to those of their patrons who may need it. They are servants of the public, finding it honorable to serve well those who as depositors put their confidence in the bank.

In another respect the banker is not unlike other citizens of the city, for he, too, is wrapped in its activities. Whether in business or politics, he is aligned with every movement for the upbuilding and betterment of Los Angeles. Since invariably he strives to be accommodating, it is a pleasure to meet him. Through his personality the bank which he represents is seen to have a predominating "human side," which gives the bank a "pulling power" in the business and commercial world,



VAN NUYS BUILDING, SEVENTH AND SPRING STREETS, LOS ANGELES. NEW HOME OF THE FIRST NATIONAL BANK

and makes friends and "boosters" out of its depositors and patrons.

THE CITY THE COMMERCIAL CENTRE OF A RICH TERRITORY.

Los Angeles has long ago passed that stage in its existence when it depended solely upon the tourist for its commercial position and popularity, for it is now the strategic point for Southern California, Arizona, New Mexico and southern Nevada. Within this vast empire are thousands of acres of rich land under a state of cultivation, millions of acres of rich grazing lands, some of the richest gold and copper mines in the world, while its production of petroleum alone last year was more than 90,000,000 barrels. It is conservatively estimated that the products of Los Angeles and its adjoining counties aggregated more than \$254,000,000 during 1912.

Los Angeles capital is fast transforming what was formerly the Salton Sea into a beautiful garden spot; and



SECURITY TRUST AND SAVINGS BANK, LOS ANGELES, ONE OF THE LARGEST FINANCIAL INSTITUTIONS OF THE PACIFIC COAST, WITH DEPOSITS EXCEEDING \$43,000,000.

where the desert once was, we now have towns and cities dotting a productive expanse of rich farm lands. More than 60,000,000 cantaloupes alone, netting the producer two cents each, are grown in a single season on reclaimed land. Farm lands throughout Southern California have advanced in value until now lands that could have been bought five years ago for ten dollars are readily selling for \$150; while orange lands unimproved are worth \$500 an acre, and when improved and in bearing citrus trees command a valuation up to \$2,500 per acre.

In view of the geographical and political location of Los Angeles, the agricultural possibilities of the section in which it is immediately located, the advantages to be derived from its aqueduct, the prospective early completion of the Panama Canal in its relation to Los Angeles' harbor facilities, the unquestionable probability that many more thousands of population will make their home in this vicinity within the next few years, and, not least, the progressive spirit of its citizenship—it is certainly safe to venture (at least as far as) to set the goal to be reached at 1,000,000 people in 1920; the following decade will take care of itself.

FIVE YEARS' GROWTH OF LOS ANGELES BANKS.

	Dec. 31, '07	Jan. 1, '13
Capital	\$12,768,050	\$14,384,300
Surplus and profits	6,643,283	12,381,457
Deposits	83,117,380	181,886,445

INCREASE IN BANK CLEARINGS.

1900	\$113,766,378
1901	145,170,809
1902	245,516,094
1903	307,316,530
1904	345,343,956
1905	479,985,298
1906	578,635,517
1907	581,870,627
1908	505,588,756
1909	673,165,728
1910	811,377,487
1911	943,963,357
1912	1,168,941,700

GROWTH OF POPULATION.

1900	102,479
1901	117,000
1902	125,000
1903	136,000
1904	175,000
1905	201,000
1906	240,000
1907	263,782
1908	295,687
1909	307,322
1910	319,198
1911 (est.)	359,000
1912 (est.)	427,000
1913 (est.)	500,000

Important Wireless Extensions

WITH the announcement of the appointment of Edward J. Nally, formerly vice-president and general manager of the Postal Telegraph and Cable Company, to the same place in the Marconi Wireless Telegraph Company of America, it was learned that the latter company has just made a contract with the Norwegian Government for the erection of a wireless station in Norway connecting with a station in Massachusetts. This service will make another link in the chain of Marconi stations which are being planned to give wireless service throughout the world.

The Marconi Company has purchased

sites for the proposed station on the Massachusetts Coast and plans to erect the duplex system, by which wireless messages can be received and sent at the same time. The operation of the system will be on the same plan as that to be employed between the station now building between New Brunswick and Belmar in New Jersey and the new station in England.

The Norwegian Government is at present making arrangements, according to Secretary Bottomly of the Marconi Company, to connect with Sweden, Denmark, and the North of Europe. It is estimated that each wireless station will cost in the neigh-

borhood of \$500,000. Direct wires from the stations in Massachusetts will transmit the messages to New York and Boston.

Besides the new system between America and Norway the company proposes to connect the United States with Honolulu by two stations to be erected in California at Bolinas and Marshalls.

Contracts have been awarded to The J. G. White Engineering Corporation of New York for the construction of the receiving and sending stations in New Jersey, California and the Sandwich Islands.

This system will be extended eventually to Japan and the Philippines. Stations are already being prepared in the former place, but so far concessions from the Government for stations in the Philippines have

not been secured. A wireless system has been planned, connecting Europe and the United States with South America. The President of Brazil has recently signed a concession for a period of fifty years and every effort will be made to erect the necessary stations in the shortest possible time. A station will be constructed at Para connecting with New York, to be followed by a network of stations opening up cheaper telegraphic communications between the South American republics, the United States and Europe.

These stations will be followed in a short time by a system of wireless communications with Australia, New Zealand, Egypt and India until wireless messages may be sent to and from all parts of the globe.

BOOK REVIEWS

THE NEW PACIFIC. By Hubert Howe Bancroft. New York: The Bancroft Company. (Price, \$2.)

The countries fronting on the Pacific are rich in history, in material wealth, populous, with problems of great moment in course of settlement. These things are told about in an interesting way by Mr. Bancroft, who has given years of study to our own Pacific coast section. At this time public attention is turned that way, which renders the revised edition of "The New Pacific" a book that many people will want to read.

MAGEE ON BANKS AND BANKING. By H. W. Magee; second edition, 1913. (Price, \$7.50.)

This modern and exhaustive work on banks and banking, originally published in 1906, has already reached a second edition, indicating that it has been well received by the banks of the country. The forty-eight chapter headings and

the appendix cover very thoroughly the banking field, especially as regards its legal aspects.

Mr. Magee, the author of this book, was for five years Bank Commissioner of California, besides being an experienced banker and lawyer. His book will be found of great practical value to all engaged in the organization and management of banks.

THE INFLUENCE OF ACCOUNTANTS' CERTIFICATES ON COMMERCIAL CREDIT. Edited by A. P. Richardson. New York: The American Association of Public Accountants.

This is a summary of the opinions of several hundred bankers of the country as to the desirability of certification of borrowers' statements by certified public accountants. The replies received not only indicated a large preponderance of opinion in favor of such certification, but established the fact that it was a strong factor in securing better terms for the borrower.

FOREIGN BANKING AND FINANCE

European

LONDON BRANCH BANKS ABROAD

FOLLOWING the example of Lloyds Bank the London County and Westminster Bank has established a Paris branch. It is reported also that some of the large joint-stock banks of London contemplate opening branches in New York in the near future.

A RECORD IN DEPOSITS

THE publication of the monthly balance sheets for July of the leading banks disclosed the interesting fact that the London City and Midland Bank, with a holding of £98,907,575 of deposit and current accounts, had taken the leading place in this respect amongst the English banks. In doing so it also took the leading place for the whole world, for not one of the great banks abroad, important as the influence they may wield, has deposit and current accounts reaching to such a total. The two most prominent banks that naturally rise to one's mind—the Credit Lyonnais and the Deutsche

Bank—have much lower figures, those of the Credit Lyonnais standing at something under £85,000,000 and those of the Deutsche Bank at about £79,000,000. The London City and Midland, in taking the place of the bank with the largest liability to the public, is only following its premier position in regard to number of offices. For a long time past it has ranked first in this connection, and the 840 branches, sub-branches and agencies it now operates are quite a hundred in excess of any other English bank.
—*London Bankers Magazine.*

BONUS FOR BANK STAFF

FOR the half-year ended June 30 the Anglo-South American Bank declared a dividend of six per cent., making twelve per cent. for the full year ending on that date. Sixty thousand pounds sterling were added to the reserve fund, £8,000 to the staff pension and guarantee fund, leaving £49,000 to be carried forward. Members of the staff are to receive a bonus of ten per cent.

Pan-American Title Insurance Company, S. A.

Head Office: Apartado 39 Ave. San Francisco,

CITY OF MEXICO

BRANCHES: Tampico, Mexico; London, England, 25 Victoria St., S. W.

**Chartered and equipped for all branches of title insurance
and trust work.**

CORPORATIONS ORGANIZED AND REGISTERED IN MEXICO.

BANCO NACIONAL DEL SALVADOR

SAN SALVADOR

Authorized Capital	\$5,000,000
Subscribed Capital	2,000,000
Paid-up Capital	1,600,000

Head Office—SAN SALVADOR

Republic of Salvador, Central America

Agencies at all principal towns in the Republic. Correspondents in the most important cities abroad.

BANKING BUSINESS TRANSACTED OF EVERY DESCRIPTION

Special attention given to COLLECTIONS — moderate commission

DR. GUILLERMO MAZZINI, President Director

G. HEMMELER, Manager

Latin-America

NOTES FROM THE MEXICAN CAPITAL.

[Special Correspondence.]

MEXICO, D. F. Sept. 5, 1913.

THESE are stirring times for Americans, particularly at the capital, where the danger assumed by the attitude of our State Department in ordering all Americans out of Mexico is not so real as perhaps it is in outlying districts. There it is undoubtedly a matter of prudence to listen to the warning, but at the capital the question of "to run or not to run" is met with more of an attitude of wanting to be shown. On the one hand our compatriots have to consider Washington must have had some reason for the issuance of such an order; on the other, we are met with a situation which includes for some the giving up of the savings of years, in the shape of property, or a more or less

secure position in the business world; still, those in the immediate vicinity of the capital have not met with so much, if any, actual loss, while many from outlying sections are really destitute, and have not only to endure the loss of their all, but by force of circumstances have to accept whatever is provided for them in the way of passage home. This has meant going steerage for those unable to pay their own way; and to suffer the greatest uncertainty as to what means of transportation will be provided when they reach a home port, so as to enable them to continue to their own homes. The Mexican Government has now generously offered to furnish whatever portion of the cost of passage is necessary to enable these people to travel in comfort, and it is generally believed here that this offer has been made in good faith, and not simply to offer a contrast

Mexico City Banking Company, S.A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

with the very deficient provision made by our own Government.

The majority of Americans who have any real business in Mexico are determined to remain; and this all the more because advantage has already been taken of the situation to offer to provide skilled and trained men who are English or Germans to take the place of Americans who are leaving good positions; and this means that once having a foothold in such positions, our English and German friends will never give up the ground they have thus gained.

The point perhaps of greatest interest for banks and bankers in the present situation is as regards foreign exchange. Prior to the overthrow of the Madero government in February the ratio of exchange between Mexican money and gold had been maintained practically at two for one for a long time; immediately after the events of February last, the rate began to rise; it rapidly went to 210 and many

thought this was high, but it has since risen from time to time, until it has reached 275 and 280, or practically thirty-six cents gold for a Mexican peso. The principal cause of this is probably not directly connected with the revolutionary troubles, except in so far as such troubles have prevented the exportation of products, thus giving Mexico a balance abroad. Without such balance, meaning that there is nothing to draw on abroad, it is inevitable that exchange should rise; it is accordingly a time of uncertainty for the banks, and a time of real hardship for the poorer classes of Mexico, because the merchants of all classes have had to increase prices to compensate for the high rate of exchange. One of the leading Mexican papers recently published a very cleverly written article purporting to contain an account of comments made in the idiomatic expressions of the market place by some of the poorer residents when informed of the increase in prices because of the ex-

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$363,000.00

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

Mexican Title-Mortgage Co.

Mexico City, Mexico

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NEW YORK OFFICE: - - - 25 BROAD STREET

change. These poor people, who never have anything ahead and only purchase from day to day, could not see what "el cambio" had to do with them. The article was humorous, but the situation for the poorer classes is not.

War or no war, life goes on in the capital about as usual. There are the usual daily contrasts to be seen; bands playing in the parks; the wealthy people taking the air in carriages; while the poor, half-clad peons go shuffling by with their burdens, and the beggars whine their appeals for charity.

NEW TITLE INSURANCE COMPANY IN MEXICO CITY

THE Pan-American Title Insurance Company, S. A., has just been organized at the City of Mexico, with a capital of two hundred thousand pesos, fully paid in cash. The company is chartered and equipped to do title insurance and trust work in all branches.

San Francisco, California, people are heavily interested in the new company, and it will be affiliated with some of the most important title insurance companies in the United States.

The president of the company, who will be in charge at Mexico City, is Mr. C. I. McReynolds, a member of the California bar, a former assistant United States attorney, and a distant relative of the present attorney-general; he has had nearly fifteen years' experience in Mexico, mostly in title and abstract work, and has been associated with the winning side in many important matters before the supreme court of Mexico. During this time his personal acquaintance and friendship with many high Mexican officials has been of the utmost assistance to him, and the fact that he has travelled extensively and speaks several languages, including Spanish, has made his relations with the Mexican people most pleasant.

The treasurer of the company is

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$860,876.00

Deposits, \$3,602,738.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comp-toir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Com-mers und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ANTUÑO MANRIQUE, Accountant

AMADOR PAZ, Cashier

Major T. J. Whelan of San Francisco, California, who is largely interested in the Farms Finance Company of that city and other enterprises, and is treasurer of a Mexican financial corporation called "Empresa Internacional para Fomentar Industrias Mexicanas." Mr. Wm. Wochatz of the title department is a Chicago attorney of large experience in Mexican title work; while Licenciados J. L. Carranco and Guillermo Castillo Nájera of the Mexican legal staff have had an extensive practice in oil, timber and land matters in general.

The Tampico office is in charge of Lic. Emilio Lopez Guerrero, who has several trained examiners under him especially qualified in oil matters, as this is the capital of the petroleum region of Mexico.

The oil industry is, in fact, assuming enormous proportions in Mexico, notwithstanding the troubled conditions in other sections, and the new company will undoubtedly take a very important place owing to its connection with heavy financial interests of the United States who must have their affairs looked after no matter what happens in Mexico.

NEW BANK IN COLOMBIA

ACCORDING to consular advices received from Colombia, a new private bank—Credito Mercantil—will be opened about November 1, 1913, in Barranquilla, by Cortissoz, Correa & Co., initial capital \$400,000 United

States gold. As it will be organized as a collective partnership, all the capital of the individual stockholders, among whom are several well-known capitalists, will be available to guarantee the bank's responsibility. This means that the bank will begin business with a responsible backing of \$1,500,000. The stockholders are also largely interested in various industrial enterprises in Colombia, including the Barranquilla Street Railway, the Barranquilla Water Company, a new brewery (soon to be established), a tanning factory, the Antioqua Steamship Transportation Company, and they also hold a controlling interest in the Banco Comercial of Barranquilla. The firm also has close relation with De Lima, Cortissoz & Co., of New York.

TOUR TO LATIN AMERICA

FOLLOWING the fifth annual convention of the Southern Commercial Congress at Mobile, Ala., October 27-29, there will be a cruise to the Canal Zone and a commercial expedition to Latin America.

NEW BANK FOR PANAMA

THE Continental Banking and Trust Company, capital stock \$1,000,000, is the latest addition to the financial institutions on the Isthmus. It was formed by bankers, real estate operators and other business men in New York, New Jersey and Pennsyl-

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.

H. C. HEAD, Cashier

SHUR WELCH, Assistant Cashier.

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Foreign Exchange Bought and Sold
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Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Banks, Merchants and Individuals solicited.

vania. It will be an American bank, having all the functions of a national banking institution, with the exception that it will not issue paper currency. The last Panama Assembly passed a law providing for a national bank which would issue paper currency, but the promoters of the new banking company will not take advantage of the law.

The office of the bank will be in the building leased by Vibert & Dixon on Central avenue, opposite the new railroad station, and remodeling the interior has been begun. While the Panama bank is the first to be established by the company, it is announced that this is only the beginning of a chain of banks over the principal Central American and some of the South American cities.

COMMERCE BETWEEN THE UNITED STATES AND MEXICO

TRADe of the United States with Mexico in the last fiscal year showed a larger total than ever before, according to figures compiled by the Bureau of Foreign and Domestic Commerce, Department of Commerce. The imports of merchandise from Mexico in 1913 were seventy-seven and one-half million dollars, against sixty-six million in 1912 and fifty-seven and one-half million in 1911, the total for 1913 being larger than in any preceding year. Exports to Mexico were fifty-four and one-half million dollars, against fifty-two and three-quarters

million in 1912 and sixty-one and one-quarter million in 1911, the figures of 1913 being less than those of two or three earlier years, but more than those of the immediately preceding year. The grand total of imports and exports for 1913 was larger than in any earlier year.

Manufacturers' materials form the bulk of imports from Mexico, and manufactures the bulk of exports to that country.

A very large proportion of the trade of Mexico is with the United States. Fifty-four per cent. of her imports, as shown by her official figures, are drawn from the United States, and seventy-five per cent. of her exports are sent to the United States, these figures being for 1912.

More than one-half of our trade with Mexico goes by water. Exports from New York to Mexico in the fiscal year 1912 were approximately seventeen million dollars, while twenty-three million dollars' worth of imports from Mexico entered through that port. Of the sixty-six million dollars' worth of imports from Mexico in 1912, thirty-one million entered through the Atlantic coast ports, twenty-three million through the Mexican border ports, ten million through the Gulf ports, and one and one-half million through the Pacific coast ports. The fifty-three million of exports to Mexico that year showed twenty-seven million through the Mexican border ports, eighteen million through the Atlantic coast ports (chiefly New York), five million

THERE ARE THREE DEPARTMENTS OF THE **Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.**

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Mmanuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

M. Garcia Fravel, Manager.

—CORRESPONDENCE IS INVITED—

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A. **MEXICO, D. F.**

President—F. PIMENTEL Y FAGOAGA

1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

through the Gulf ports, and two and one-half million through the Pacific coast ports.

Mexico's imports of merchandise have grown from fifty-two million dollars in 1890 to sixty-one million in 1900, and ninety million in 1912; her exports of merchandise have grown from eighteen million in 1890 to thirty-seven million in 1900, and seventy-nine million in 1912.

INCREASED BANKING CAPITAL

THE Government of the Province of San Juan (Argentina) has promulgated the law which authorizes the increased capital of the Banco Provincial to \$11,600,000, the bank being transformed into an institution of mixed credits between the State and shareholders. The Province guarantees an interest of five per cent. on the shares issued to the public.

TRADE OF THE UNITED STATES WITH LATIN- AMERICAN COUN- TRIES, 1900-1913

EXPORTS from the United States to Latin-America in the fiscal year 1913 amounted to a million dollars for every business day in the year and show an increase of nearly 200 per cent. since 1900. In the term "Latin-America" are included South America (except the Guianas), Central American republics,

Mexico, Cuba, Haiti and Santo Domingo. The value of exports from the United States to these countries in the fiscal year 1913 was 321 million dollars against 108 million in 1900, an increase of 197 per cent., while the exports to other parts of the world were increasing but sixty-seven per cent.

The most rapid gains in the exports to Latin-American countries during the period under consideration occurred in the trade with Argentina and Brazil. The value of merchandise exported to Argentina in 1900 was eleven and one-half million dollars, and in 1913, over fifty-two and three-quarter million; to Brazil, in 1900, eleven and one-half million dollars, and in 1913, forty-two and two-thirds million. Cuba showed a marked gain, though not so large a percentage of gain as shown in the trade with Brazil, the exports to that island in 1900 having been twenty-six and one-half million dollars, and in 1913, seventy and one-half million, while to Mexico the exports of 1900 were thirty-five million dollars, and in 1913, fifty-four and one-half million. Exports to Uruguay show a very large percentage of gain, the value of merchandise sent to that country in 1900 having been less than two million dollars, and in 1913, seven and one-half million. To Peru the exports increased from one and two-thirds million in 1900 to seven and one-third million in 1913; to Chile, in 1900, three and one-quarter million, in 1913, sixteen million; to Colombia, in 1900, two and three-quarters

million, and in 1913, seven and one-third million; to Venezuela, in 1900, two and one-half million, and in 1913, five and three-quarters million; to Ecuador, in 1900, one and one-quarter million, and in 1913, two and one-half million. To Haiti the exports increased from less than three million in 1900 to six and two-thirds million in 1913, and those to Santo Domingo from one and one-third million in 1900 to five and three-quarters million in 1913.

An examination of the official figures of the countries in question, just completed by the Bureau of Foreign and Domestic Commerce, Department of Commerce, shows that twenty-three per cent. of their imports, in the latest year for which their official statistics are available (in most cases 1912), were drawn from the United States. The Latin-American countries in which imports from the United States formed a distinctly larger percentage of the total imports in 1912 than in 1905 are Brazil, Chile, Peru, Bolivia and Cuba. Cuba, Mexico, Haiti and Santo Domingo obtain from the United States over one-half of their respective imports; Central America, as a whole, about fifty per cent.; Venezuela, over thirty per cent.; Colombia and Ecuador, each about twenty-eight per cent.; Paraguay, two and three-quarters per cent., and the remaining countries between ten and twenty per cent.

Imports into the United States from Latin-America show also large gains during the period since 1900, the total in 1913 having been 441 million dollars, against 162 million in 1900. The percentage of gain in imports from those countries was thus 171 per cent. against an increase of 197 per cent. in exports from the United States thereto.

Manufactures form the bulk of the exports to the countries in question, and crude foodstuffs and manufacturers' materials the bulk of the imports from them. Cotton goods, flour, manufactures of iron and steel, mineral oils, automobiles, railway cars, furniture, lumber, agricultural implements, leather and leather goods, are the principal

articles exported to the area in question; while sugar, coffee, cacao, tobacco, india rubber, wool, nitrate of soda, copper, hides and sisal are the principal articles imported therefrom.

Asiatic

AMERICAN BANKS FOR INTERIOR CHINA

THE unique opportunity for American banking offices in Szechwan Province of China and the great advantages which would accrue to all lines of American trade are brought to the attention of the American Consulate General at Shanghai by J. A. Thomas, manager of the extensive British-American Tobacco Company's interests in China. This great western province with a population of 60,000,000 or more is conceded to be the wealthiest area in China. The resources are great, the people superior, and the field from a foreign standpoint is just being realized in a large way.

It is Mr. Thomas's idea that an American bank should be established at Chungking and Chengtu, the principal centers. He points out the tremendous advantage in the piece-goods trade, especially if the New York and other American commercial centers could draw and be drawn upon directly with these two Szechwan trade centers.

STATE BANK FOR INDIA

REPORTS are current that the Royal Indian Currency Commission will recommend the establishment of a State bank for India, to be located at Bombay or Calcutta.

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BANKING AND FINANCIAL NOTES



Mr. Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$200,000

Surplus and Profits over 1,000,000

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"ON TO RICHMOND"

—The Board of Governors of New York Chapter, A. I. B., have elected O. Howard Wolfe president of New York Chapter to succeed A. W. Hudson, who recently was elected vice-president of the First National Bank of Syracuse. Mr. Wolfe was vice-president of the chapter until his recent promotion to the presidency. He is secretary of the Clearing House Section of the American Bankers Association.

Mr. Wolfe is a Philadelphian by birth. He was educated in the public schools of that city and entered the banking business at the age of seventeen with the Bryn Mawr National Bank. Later he became associated with the Philadelphia National Bank, where he was employed for twelve years, the last two years as transit manager and traveling representative.

In 1910 Mr. Wolfe was appointed by the Philadelphia Clearing House to act as its representative at the conference of transit managers in Chicago, at which time the Universal Numerical System was evolved. He was elected secretary of the Clearing



JOHN H. CARR

CASHIER MARKET AND FULTON NATIONAL
BANK, NEW YORK

EASTERN STATES

New York City

—Guaranty Trust Company shareholders on September 30 got a quarterly dividend of six per cent. and an extra dividend of two per cent.

—John H. Carr was appointed cashier of the Market and Fulton National Bank of New York on September 9, succeeding T. J. Stevens, lately deceased. Mr. Carr has been in the banking business for many years, having served as paying teller, and subsequently as assistant cashier of the Southern National Bank on Wall Street. He was acting cashier of the Southern National Bank when that bank was merged with the Market and Fulton National Bank in 1896, going to the consolidated institution as assistant cashier, which office he held until promoted, as above stated.

1869



1913

Mellon National Bank

PITTSBURGH, PA.

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WRITE FOR PARTICULARS

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R. B. MELLON, *Vice-President*

A. C. KNOX, *Vice-President*

W. S. MITCHELL, *Cashier*

B. W. LEWIS, *Asst. Cashier*

A. W. McELDOWNY, *Asst. Cashier*

H. S. ZIMMERMAN, *Asst. Cashier*

Resources Over 60 Millions

House Section of the American Bankers Association in 1911, a position which he has filled with unusual honor to himself and distinct benefit to the association. As a lecturer on banking subjects Mr. Wolfe is in constant demand. He has appeared before many chapters of the Institute and has frequently addressed State bankers' conventions.

Mr. Wolfe is an acknowledged expert and authority on the collection of country checks and exchange problems. He is a graduate of the American Institute of Banking, and has been a constant worker in that organization, both as a member of Philadelphia Chapter and later of New York Chapter.

—It is expected that the proposed new Broad Street Bank, Philadelphia, will open for business about January 1 next, with \$50,000 capital.

—The October 1 review of the Peoples National Bank of Pittsburgh says that "bank clearings in Pittsburgh for the three-quarters of 1913 just ended approximated \$2,200,000,000, the largest total for any corresponding period in the history of the city. During the first half of the year the percentage of gain was quite large. In the third quarter there was a slight de-

crease as compared with the same months last year, the amount of this decrease in September being about four per cent. As heretofore explained, some part of this decrease was due to the elimination of the First-Second National Bank from the Clearing House, and the tying up of a large amount of funds by the closing of that bank early in July. But for this incident, it is probable that every month of 1913 to date would have shown an increase in clearings, though not in the same ratio as during the first half of the year, because there has been without doubt a moderate reactionary tendency in commercial trade in this district during the past month at least. The chief industries of the district continue active on old orders, and the business in hand is probably sufficient to insure capacity operations for the remainder of the year."

—Great improvements have been made in the building of the Western National Bank of Pittsburgh and the bank is now back in its new home on the old site. Not only has the equipment been brought up to the best

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1878 CC \$250, \$1 gold 1861 D \$280, \$3-1870 S
\$1460. Equally high premiums on thousands of Cents,
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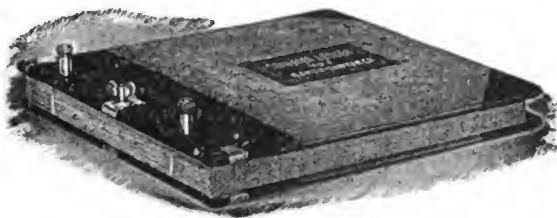


BAKER-VAWTER COMPANY

CHICAGO

BENTON HARBOR, MICH.

HOLYOKE, MASS.



demand of the times, but over 2100 feet of floor space has been added.

—Priding itself justly on being the oldest bank west of the Alleghanies and on the further fact that it never suspended specie payment even in times of panic, the Bank of Pittsburgh National Association continues to grow, a recent balance sheet showing footings of \$30,991,403.31.

—Anthony Lamb, who was one of the incorporators of the Commercial National Bank of Syracuse, N. Y., and its only



ANTHONY LAMB

VICE-PRESIDENT AND CASHIER COMMERCIAL
NATIONAL BANK, SYRACUSE, NEW YORK

cashier for twenty-two years, was recently elected vice-president, to fill the vacancy caused by the resignation of George M. Barnes. Arthur A. White has been elected assistant cashier.

Mr. Lamb will continue to act as cashier. He was one of the incorporators of the Syracuse Trust Company and a director since its organization.

—A plan has been submitted by a re-organization committee for rehabilitating the First-Second National Bank of Pittsburgh. The plan as submitted to stockholders is as follows:

The undersigned committee of the stockholders of the First-Second National Bank of Pittsburgh, having examined into the value of the assets, and realizing the desirability of re-opening the bank, and thus saving further loss to the stockholders and depositors, suggest the following plan:

That a stockholders' meeting be held and the capital reduced to \$850,000 and the surplus to \$170,000, and immediately thereafter there be authorized an increase of the capital to \$5,000,000, with a surplus of \$1,000,000.

The present stockholders to be allowed to



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BUSINESS**

Capital and Surplus, \$1,200,000.00

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C. R. HUNTLEY, Vice President

E. H. HUTCHINSON, Vice-President

E. J. NEWELL, Cashier

HOWARD BISSELL, Asst. Cashier

C. G. FEIL, Asst. Cashier

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The Canadian H. W. Johns-Manville Co., Ltd. Toronto, Montreal, Winnipeg, Vancouver.



Cafe of Lawyers' Club, New York City.

subscribe for the new stock within ten days after its authorization, and thereafter the unsubscribed stock to be offered to the public.

All balances in savings accounts and all other credits of less than \$2,000 to be released and placed on the same footing as before the suspension of the bank.

Creditors having claims of \$2,000 and upwards to have placed to their credit and subject to check fifty per cent. of the amount of their claims, and to be requested to underwrite, to the extent of not more than twenty-five per cent. of their claims, the new stock not taken by the present stockholders, and to accept certificates of deposit bearing interest at the rate of three per cent. per annum, payable in one year

after the opening of the bank, for the remainder of their claims.

If possible, a voting trust should be created to hold all of the capital stock for five years.

—Hereafter the Buffalo (N. Y.) Loan, Trust and Safe Deposit Company will operate under the shorter title of the Buffalo Trust Company, permission for the change having been given by the State Banking Department.

—Alfred W. Hudson, formerly with the Empire Trust Company, the Fifth Avenue Trust Company and the Windsor Trust Company of New York, was recently chosen vice-president of the First National Bank of Syracuse, N. Y., taking the place of A. W. Loasby, who resigned to become president of the Trust and Deposit Company of Onondaga at Syracuse.

—The plan announced some time ago for increasing the capital stock of the Marine National Bank of Buffalo, N. Y., has been ratified by the shareholders of the bank and approved by the Comptroller of the Currency. The increase was from \$2,000,000 to \$2,500,000. Preparatory to the consolidation of the Columbia National with the Marine National, a further increase in capital will be made to \$5,000,000 early in the coming year. This will give the consolidated bank

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BETTER THAN EVER



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Write for Catalog "B".

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FLATIRON BUILDING, NEW YORK

\$10,000,000 of capital and surplus and resources in excess of \$60,000,000. Recently the annual dividend of the Marine National Bank was increased to sixteen per cent.

—After having been located in temporary quarters for seven months, the National Bank of Baltimore moved into the remodeled building on the old site (occupied since 1795) on September 22. Improvements include addition of another story and putting in thoroughly modern equipments.

The National Bank of Baltimore is the oldest bank in Maryland and the fifth oldest in the United States.

The remarkable growth of the institution in recent years can be shown by comparing a few figures. In January, 1911, when it merged with the Third National Bank, the combined deposits were \$5,968,630.15, surplus and undivided profits, \$338,605.92, and dividend rates eight per cent. per annum. At the close of business August 9, 1913, the date of the call for statement by the Comptroller of the Currency, deposits were \$8,394,851.23, an increase of forty per cent.; surplus and undivided profits, \$430,176.13, an increase of twenty-seven per cent, and the dividend rate ten per cent.

The officers of the bank are: T. Row-

land Thomas, president; W. Bernard Duke, vice-president; J. Albert Hughes, vice-president; William J. Delcher, cashier, and Snowden Hoff, assistant cashier.

NEW ENGLAND

—The Salem (Mass.) Deposit and Trust Company will shortly occupy its new banking rooms in the Holyoke Building in Washington street, Salem, which are being remodelled. The rooms were formerly occupied by the Salem National Bank. The present quarters of the Safe Deposit Company will be taken for additional space by the Five Cents Savings Bank, occupants of the remaining part of the first floor of the building.

—Stockholders of the Hartford (Ct.) Trust Company have approved the increase in capital from \$300,000 to \$500,000.

—An addition will be built to the present home of the Merchants National Bank of New Bedford, Mass.

—Many local friends and a number of bankers from Boston and other cities were present at the recent opening of the fine

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THE
Chemical National Bank
New York

Established 1824

Capital, Surplus and Undivided Profits
(over) \$10,000,000

Transacts a General Banking Business

JOSEPH B. MARTINDALE, President

H. K. TWITCHELL, Vice-President	JAMES L. PARSON, Asst. Cashier
FRANCIS HALPIN, Cashier	EDWARD H. SMITH, Asst. Cashier

Directors:

FREDERIC W. STEVENS

W. EMLEN ROOSEVELT	WILLIAM H. PORTER
AUGUSTUS D. JUILLIARD	CHARLES CHENEY
ROBERT WALTON GOELET	JOSEPH B. MARTINDALE
HENRY P. DAVISON	HERBERT K. TWITCHELL

new building of the Brockton (Mass.) National Bank.

—An interesting booklet has been issued by the First National Bank of Boston, giving a concise historical account of "Token Money and Private Coinage."

—Plans have been made for a new building for the Malden (Mass.) Trust Company.

—James D. Brennan of Dorchester was recently appointed national bank examiner for the Boston district.

SOUTHERN STATES

—Thomas E. Cooper, who has been cashier of the American National Bank, Wilmington, N. C., since its organization in 1903, was recently elected vice-president, and Chas E. Bethea, who has been assistant cashier, was elected cashier.

—J. T. McCarthy, president of the State Bank and Trust Company, Tyler, Texas, was recently elected a director and active vice-president of the National Bank of Com-



J. T. MCCARTHY

ACTIVE VICE-PRESIDENT NATIONAL BANK OF
COMMERCE, HOUSTON, TEXAS

Planters National Bank

RICHMOND, VIRGINIA



Capital

\$300,000

Surplus and Profits

\$1,500,000

Total Resources

\$8,000,000

OFFICERS

JAMES N. BOYD
President

J. J. MONTAGUE
Vice-President

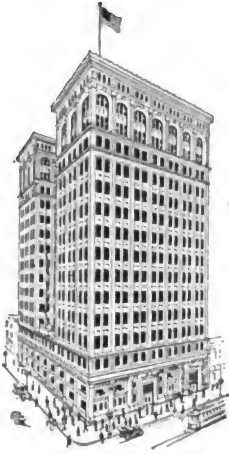
RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

D. V. MORTON
Assistant Cashier

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the Carolinas**



THE OLD NATIONAL BANK OF SPOKANE

INVITES all banks desiring a prompt clearance of items drawn on points in the Pacific Northwest to avail themselves of its facilities.

DIRECT connection with practically every banking point in its territory renders its transit service singularly efficient.

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T. J. HUMBIRD, Vice-Pres.
W. D. VINCENT, Cashier
W. J. KOMMERS
J. A. YEOMANS
W. J. SMITHSON
Assistant Cashiers

CAPITAL
ONE MILLION DOLLARS

merce, Houston. Mr. McCarthy is one of the best-known bankers in Texas, having been in the banking business practically all his life. Before moving to Tyler he was in banking at Galveston and Houston. He is vice-president of District No. 7 of the Texas State Bankers Association.

The National Bank of Commerce is one of Houston's new and growing banks, its deposits already amounting to \$1,456,746.

—The Seventy-third Annual Trade Edition of the Mobile (Ala.) Register has this to say of the banks of that city:

"In six prosperous, growing banking institutions of unquestioned stability, Mobile has an asset that many larger cities might well envy her. The officers who direct these banks and thus in large measure mould the financial affairs of 75,000 people, are unanimous in their testimony that the past year has been a period of good, profitable business, with brighter prospects looming ahead. Promises of a bumper crop come from all sections of Mobile's tributary territory, and when the farmer prospers in South Alabama and Mississippi it means prosperity for his city brother who advances him money, buys his products, sells him supplies, and in a hundred interlinking ways builds his business upon agricultural conditions."

Total clearings of the Mobile banks for the twelve months ending August 31 were \$73,833,379.74.

—Capital of the Union Trust Company of Atlanta is immediately to be increased

THE GARFIELD NATIONAL BANK

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL	SURPLUS
\$1,000,000	\$1,000,000

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JAMES McCUTCHEON, Vice-Pres.
WM. L. DOUGLASS, 2d Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cash.

DIRECTORS
James McCutcheon William H. Gelshehen
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Samuel Adams Daniel S. McElroy
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We are supplying this demand under our
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BEHRENS & CO.

**"SOL-
Seleccion Especial"**

CONSULADO STR. 91-98
HAVANA, CUBA

from \$300,000 to \$1,000,000 and later to \$2,000,000. The company is engaged in the farm and city loan business, and was organized in February of last year.

—The Murchison National Bank of Wilmington, N. C., the largest national bank in the Carolinas and carrying the largest amount of deposits of any bank in the State, will increase its capital stock from \$825,000 to \$1,000,000. The directors passed a resolution recommending to the shareholders that the stock be increased to the amount stated and a meeting of the stockholders will be held on November 4 for the purpose of taking action on the recommendation. Recently the Southern National Bank was merged with the Murchison and mention was made at that time that the bank would shortly increase its capital stock probably up to a million.

WESTERN STATES

Chicago

—Plans are rapidly going forward for the second annual convention of the Investment Bankers Association of America, to be held at the Blackstone Hotel, Chicago, on October 28, 29 and 30. Among the speakers who will have prominent places on the programme are James J. Hill of St. Paul, Minn., former president of the Great Northern Railroad, who will speak on "Railroad Financing of the Future"; Samuel Insull, president of the Commonwealth Edison Company of Chicago, who will speak on "Electrical Financing"; Edmund D. Fisher, Deputy Comptroller of the city of New York, who will give an address on "Municipal Financing"; Prof. William A. Scott, director of the School of Commerce, University of Wisconsin, on "Investment Versus Commercial Banking"; George M. Reynolds, president of the Continental and

Commercial National Bank of Chicago; J. Laurence Laughlin, of the University of Chicago; a representative of the United States Post Office Department and others.

The general committee in charge of the convention, chairman of which is H. L. Stuart, is leaving nothing undone to provide for a successful reception of the 500 delegates and guests who will attend from all parts of the United States and Canada.

Vice-President L. B. Franklin of the association is chairman of the eastern com-

Utah Savings & Trust Company Salt Lake City, Utah

Commercial—Savings—Trust—Bonding

Capital . . . \$300,000
Surplus & Profits, 100,000

OFFICERS:

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E. A. Wall, Vice-President
W. Mont Ferry, Vice-President
Frank B. Cook, Cashier
N. G. Hall, Asst. Cashier

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"EFFICIENT SERVICE" is that kind which gives the greatest measure of results for the least expenditure of time, effort and money

The **WALES**
Visible Adding
and Listing
Machine

excels all other adding machines in net results

HERE ARE FIVE REASONS WHY:—

FIRST—We have indisputable records of Wales Machines in use five, six, seven and eight years without one cent expended for repair charges. Constant expenditure for constant inspection is unknown to Wales Users.

SECOND—In less than two years, the number of banks in the United States using Wales Machines has increased from 1,000 to nearly 2,500, and over forty banks use five or more. This record is unparalleled in adding machine history.

THIRD—Banks and business houses which began by installing one or two Wales Visibles keep on buying them. The National City Bank of New York bought two Wales Machines several years ago. They now own forty-eight. Sears, Roebuck & Co. have added Wales Machines to the equipment of their offices from time to time until they now own and use 130. The United States Government uses over 330. The list could be continued to great length.

FOURTH—Without the necessity of making a special machine for every user, the Wales standard models continue to meet the demands from all lines of business, saving users excessive outlay for special machines.

FIFTH—The Wales Visible is still the only adding and listing machine guaranteed for five years. Guaranteed five times longer, it must, therefore, be five times better.

Write To-day or Phone Our Nearest Agency for a Free Trial on Your Own Work.

THE ADDER MACHINE COMPANY
Wilkes-Barre, Pa., U. S. A.

Agents in all Leading Cities



BANKS contemplating improvements should consult us immediately, thereby avoiding errors in planning.

We plan, design and build banks complete, including interior work, decorations and equipment

Write for suggestions, giving us an idea of what you have in mind.

Bankers Building Bureau

Bureau of factories manufacturing every material necessary to complete a modern equipped bank building sold direct to banks, planned and built complete, using highest grade of materials at a conservatively economical price.

106 East 19th Street . . . New York

mittee, which is making elaborate plans for two special trains to carry the eastern contingents to the Chicago gathering. Herbert Witherspoon, member of the board of governors, from Spokane, is directing a special train which will carry the delegates from the Pacific Northwest.

J. E. Blunt, Jr., of Chicago, chairman of hotel arrangements, reports a large advance demand for hotel reservations.

The social features of the convention, announced by James L. Martin, chairman of entertainment, includes an automobile ride on Tuesday afternoon, October 28, for visiting delegates and guests. A smoker and vaudeville will take place at the Blackstone Hotel, headquarters of the convention, in the evening of the same day.

Wednesday afternoon, October 29, will include visits to local points of interest. The social feature of the evening will be a theatre party for all in attendance at the convention.

The second annual banquet, arranged by Chairman John J. Abbott and the banquet committee, will be held at the Congress Hotel on Thursday evening, October 30, and will conclude the convention. Preparations are being made for an attendance of over one thousand.

President George B. Caldwell, of the association, speaking of the forthcoming

event, states: "Our meeting is attracting widespread interest, inasmuch as the association begins the second year of its brief existence. Our activities as an organization of investment bankers, devoted to the main purpose of protecting the public and safeguarding the moral responsibility of our profession, have gained for the Investment Bankers Association a significant identity."

—The Sheridan Trust and Savings Bank is erecting a \$100,000 bank building at Broadway and Racine avenue. There is in prospect at the southwest corner of Broadway and Lawrence avenue a theatre to cost \$250,000, with a seating capacity of 2000, while at the northwest corner a business block is to be erected this fall at a cost of \$100,000. The Northwestern Elevated Road plans to locate a station at Lawrence avenue, a short distance from this corner.

—James E. Brock, secretary of the Mississippi Valley Trust Company, St. Louis, has been appointed vice-consul in St. Louis of the Republic of Paraguay and has received his commission and the exequatur



FIRST NATIONAL BANK, MINNEAPOLIS, MINN.—NEW BUILDING

(This modern bank and office building now in course of construction, is another striking evidence of the growth of the First National Bank of Minneapolis and of the progress of the Northwest.)

KINGS COUNTY TRUST COMPANY

City of New York, Borough of Brooklyn

Capital, Surplus and Undivided Profits Over \$2,840,000

OFFICERS

JULIAN D. FAIRCHILD, President
JULIAN P. FAIRCHILD,
WILLIAM HARKNESS,
D. W. McWILLIAMS
WILLIAM J. WASON, JR.,

Vice-Presidents

THOMAS BLAKE, Secretary
HOWARD D. JOOST, Asst. Sec'y
J. NORMAN CARPENTER, Trust Officer
GEORGE V. BROWER, Counsel

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JOHN T. UNDERWOOD
W. M. VAN ANDEN
LLEWELLYN A. WRAY
JOHN J. WILLIAMS

ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS

from the national Paraguayan legation in Washington, D. C. The commission is signed by President Wilson and Secretary of State Bryan and the exequatur by the President of Paraguay and the Minister of Foreign Relations.

Mr. Brock will succeed Charles M. Prynne, who removed to Boston, Mass. He will retain his position with the trust company, with which he has been connected more than twenty-two years.

He became interested in the Latin-American countries during a visit to Panama in 1911. He has favored trips to South American countries by St. Louis merchants and bankers to promote trade interests.

—Although there are not many feminine bank officers in the country, the custom of having women actively engaged in banking is growing. Miss Nellie Frank, whose pic-

ture appears below, is cashier of the First National Bank of Petersburg, Ind. After graduating from Indiana University in June,



MISS NELLIE FRANK

CASHIER FIRST NATIONAL BANK, PETERSBURG, IND.

1912, she began working in the bank as bookkeeper the following month, and in January last was elected assistant cashier, becoming cashier on August 1.

—At Greencastle, Ind., the Citizens National Bank (capital \$50,000) and the Citizens Trust Company (capital \$25,000) are new affiliated institutions. Officers of the

SAVINGS BANKS

and savings banks officers, clerks and trustees ought to get at once the new book on

"The Savings Bank and Its Practical Work"

BY W. H. KNIFFIN, JR.

Treasurer of \$25,000,000 Savings Bank and former Secretary of the Savings Bank Section, American Bankers Association

Covers every phase of the organization and work of a savings bank in 550 pages, 33 chapters copiously illustrated and indexed.

This is THE long needed book on the Savings Bank, and it is delightful Savings Bank men everywhere.

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Capital - \$2,500,000.00

**FIRST
NATIONAL
BANK**

Deposits, \$35,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,780,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

bank are: President, James B. Nelson; vice-president, Alec A. Lane; cashier, Curtis K. Hughes. Mr. Nelson and Mr. Lane hold the same offices in the trust company, Mr. Hughes being secretary and F. M. Leon, treasurer.

—Duluth, Minn., is to have a new trust company—the Bankers—with A. L. Ordeau, president of the First National Bank of that city, prominent in its organization.

—Stock of the International Trust Company of Denver, held by the First National Bank of that city, has been sold to M. D. Thatcher of Pueblo, A. V. Hunter and others. Mr. Thatcher has been elected president of the International Trust Company, succeeding H. M. Blackmer, resigned. H. J. Alexander and John Morey are new vice-presidents.

—Lidgerwood, N. D., has a fine new bank building, owned by the First National Bank and the Movius Land and Loan Company.

—This year has marked the semi-centennial of a number of banks whose existence began with the establishment of the national

banking system in 1863. The First National Bank of Toledo, O., is of this number. Really the history of this institution dates back to 1851, for the First National is the successor of Poag & Ketcham, established in that year, the firm later becoming successively V. H. Ketcham & Co. and Ketcham, Berdan & Co., the latter being the immediate predecessor of the First National Bank of Toledo, chartered in 1863. At first the capital was \$200,000, but is now \$500,000, with \$1,050,000 surplus and profits. Deposits are \$5,500,000, there being 8000 savings accounts and \$2,100,000 of savings deposits.

The present officers are: President, Frederick J. Reynolds; vice-president, Rathbun Fuller; vice-president, John N. Willys; vice-president and cashier, Joseph M. Spencer; assistant cashier, Walter A. Hodge; assistant cashier, Charles W. Tanner. Directors, F. J. Reynolds, Rathbun Fuller, J. M. Spencer, Harold S. Reynolds, John N. Willys, John Craig, Julius G. Lamson, William W. Knight, Thomas W. Warner, George W. Shaw and Daniel D. Schenck.

—A new building is planned for the Noble County Bank of Kendallville, Ind.

**DIAMOND
NATIONAL
BANK**

DIAMOND NATIONAL BANK

PITTSBURGH, PA.

OFFICERS

WILLIAM PRICE, President
D. C. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

Capital - - \$600,000.00
Surplus and Undivided Profits 1,672,273.65

**Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent**

**Accounts of Banks,
Bankers, Corporations,
Firms and individuals cordially
invited.**

WRITE

The Union National Bank

CAPITAL
\$1,600,000.00

Cleveland, O. SURPLUS AND PROFITS
\$1,000,000.00

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. C. SAUNDERS, Asst. Cashier

W. E. WARD, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

—The Farmers and Traders Bank of La Fayette, Ind., has the distinction of being the largest State bank in Indiana. Its capital is \$100,000; surplus and profits, \$111,391, and deposits, \$1,780,272. Duane D. Jacobs is president; John Emsing, vice-president; Samuel E. Souders, cashier, and George B. Thompson, assistant cashier.

—Although it has been in business only since March 5 of this year, the North Side Bank of Evansville, Ind., reported on August 9 last \$41,550 capital paid in and \$208,437 deposits. Newton Kelsay is president; L. E. Fricke, vice-president and cashier; Edw. F. Goeke, vice-president, and L. G. Fuquay, assistant cashier.

PACIFIC STATES

—California, says the financial letter of the American National Bank of San Francisco, under date of September 25, is in the midst of a fairly profitable, though subnormal harvest. As the shortage in supply both of canned fruits and dried fruits be-

comes more apparent, the market becomes more brisk and prices are advancing. Experts estimate the yield of raisins at hardly more than fifty per cent. of last year's crop. The output of prunes, dried apricots and peaches will also fall below early expectations.

On the other hand, walnuts will yield exceptionally well—perhaps 2000 tons in excess of last year's figures—bringing a return of more than \$4,000,000 to growers. Hop-growers in the Sonoma Valley and some portions of the Sacramento Valley are in a fortunate state, with an abundant crop and high prices. Beans and olives are among the lesser products that are doing more than reasonably well. The remarkable growth of horticultural interests in California is illustrated by official figures prepared by the State from figures submitted by county assessors. According to these compilations, there are fruit and nut trees in bearing in California this year to the number of 46,809,791, a gain of about twenty-five per cent. since 1910. In addition, the area planted to vineyards is 333,564 acres, as compared with 279,800 acres in 1910.

The supremacy of California as a gold State is again pointed out in a statement

Capital - \$6,000,000

Surplus - \$6,000,000



Depository of the
United States, State
and City of New York

The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

GATES W. McGARRAH, President
ALEXANDER E. ORR, Vice-President
NICHOLAS F. PALMER, Vice-President
FREDERIC W. ALLEN, Vice-President
FRANK O. ROE, Vice-President
WALTER F. ALBERTSEN, Vice-Pres.

H. H. POND, Vice-President
JOSEPH S. HOUSE, Cashier
ROBERT U. GRAFF, Asst. Cashier
JOHN ROBINSON, Asst. Cashier
CHARLES E. MILLER, Asst. Cashier



The Girard National Bank

PHILADELPHIA

THE handling of your business would be helped in an important way by keeping an account with a bank whose management has shown its efficiency by building up an institution whose resources exceed fifty million dollars—the result of keeping old friends, making new ones and carefully guarding the interests of all.

Capital	-	-	-	-	\$2,000,000
Surplus and Profits	-				5,170,000
Resources	-	-	-		50,000,000

OFFICERS

FRANCIS B. REEVES, President

RICHARD L. AUSTIN, Vice-President

T. E. WIEDERSHEIM, Vice President

JOSEPH WAYNE, JR., Vice-President and Cashier

C. M. ASHTON, Assistant Cashier

CHARLES F. WIGNALL, Assistant Cashier

issued jointly by the Government mint bureau and the geological survey. This State led in the production of the yellow metal in 1912 with a yield of \$20,008,000. Colorado was second with \$18,741,200, with Alaska third with \$17,198,600. Nevada, besides ranking fifth as a gold State, took first place in the production of silver, distancing both Utah and Montana, its nearest competitors.

San Francisco property is assessed for 1913-14 at \$623,844,616, the highest figure in the history of the city. This exceeds the assessment roll of 1912-13 by \$19,034,152, and is nearly 100 millions of dollars greater than the roll for 1905, just prior to the earthquake and fire.

—J. M. Hutchison was recently elected assistant cashier of the Farmers and Merchants National Bank of Los Angeles, Cal. Mr. Hutchison has for over twenty years been chief bookkeeper of the bank. The Farmers and Merchants National Bank is one of the largest banks in Southern California, having a capital of \$3,600,000 and deposits of over \$15,000,000.

—Since the consolidation of the National Bank of Commerce and the Pacific National into the National Bank of Tacoma, extensive improvements are being made in the quarters of the consolidated institution.

CANADIAN NOTES

—A branch of the Canadian Bank of Commerce has been opened at Shaunavon, Sask., with W. A. T. Hunter manager pro tem.

—The Bank of British North America has opened a new branch in Winnipeg under the management of G. H. Allan.

—Richdale, Alberta, now has a branch of the Bank of Toronto. The branches of this bank at Odessa and Lemberg, Sask., have been discontinued.

—New branches of the Bank of British North America are reported at Queen street east and Beech avenue, Toronto, and at 150 Mile House, B. C.

—The Royal Bank is to open a branch at Grenada, in the West Indies.

—E. J. M. Williams is manager of the new branch of the Bank of British North America at James Bay, Victoria, B. C.

—Preparatory to putting up a three-story building, the Bank of Nova Scotia has removed its present building occupied as the Saskatoon branch. This bank recently opened a new branch at Chandler, Quebec, with G. T. Kennedy as manager.

WITH BANKERS MAGAZINE ADVERTISERS

The Psychological Effect of Good Bank Furnishings

A PROMINENT bank president has said that he would as soon have his customers find him in overalls and jumper as to see his offices equipped with antiquated or ordinary fittings. The psychological relation between the bank and its depositors is peculiar in that the average man bases his confidence in "his bank" very largely upon impressions rather than the financial status, which he rarely investigates closely.

Corporation and business offices are now furnished in such a way as to give an impression of financial solidity through an appeal to the eye. Old fittings that show signs of long use convey an idea of a lack of progressiveness, while the gaudy and resplendent type of furnishings are certain to inject into the minds of customers a doubt as to the securities behind these flamboyant appearances.

Shrewd bankers and business men have consequently been fitting their offices with

substantial, artistic furniture that makes a silent but strong appeal to those who are transacting business therein. Simplicity of design and harmonious effects, having not only the beauty but also the strength of dignity, bring confidence in conservative management and engender a belief in efficiency and progressiveness.

Some of the most important advances toward satisfying these aims have been accomplished by the Doten-Dunton Desk Company of Boston, who for many years have made a specialty of designing and making fine office furniture on direct orders or through contracts with architects. Their products are found in the most elegantly equipped banks and corporation offices throughout America and in some foreign cities. They produce effects in harmony with all requirements and conditions, including exclusive designs in the architectural style of any period. The most skilled

craftsman with the choicest woods and upholstery materials produce results in character, style and finish that give distinction and prestige to any business office.

They also make what are known as complete standardized outfits in various styles for large or small offices, which offer the advantages of uniformity in all the furniture. The chairs, desks, tables, davenport, even the small fittings, match each other exactly in design, finish and material, all

being made in one factory under one superintendent who applies careful scrutiny to all details. Every intelligent man will appreciate the difference in value between furniture made in this way and that which is collected from different factories of varied woods, design and finish.

The name of Doten-Dunton always means the best that can be produced in furnishings for large or small offices.

New Era Check Protector

THE advent of Mr. R. H. Ingersoll, the Dollar Watch millionaire, into the lists of office specialty manufacturers is noted with a great deal of interest. He is president and financial backer of the New Era Manufacturing Company.

Thirty years ago Mr. Ingersoll vainly searched New York for a watch that would keep time and still be within reach of a poor man's purse. Not finding one, he set

rated the New Era Manufacturing Company for the manufacture of a series of office appliances. The time since then has been spent perfecting the various articles so that the company could guarantee them to the users' satisfaction.

In accordance with the well-known Ingersoll policy, the line will be sold at extremely low prices.

BIG VALUE FOR LITTLE OF THE CONSUMER'S MONEY.

In the advertising pages of this issue is announced the first of the series—the New Era Check Protector. The New Era Self Sharpening Pencil Sharpener will be placed on the market in a few weeks.

The New Era Check Protector prints the exact amount in bold red figures. The fibre of the paper is macerated, and indelible ink, so forced through and through the pulp that any tampering with the figures makes a hole in the check. The machine is compact, beautiful and costs only \$10.

Mr. Fanslow, superintendent of production, and inventor of both the check protector and pencil sharpener, is noted for the almost uncanny faculty of making machines that DO the work and are of the fewest number of parts. He plans to bring out other office appliances at the rate of about three a year.

Mr. C. R. Seelye is sales and advertising manager. He is "one of Mr. Ingersoll's young men" in that he received the training under Mr. Ingersoll that made him first a successful salesman and later a successful sales manager.

It is Mr. Seelye's ambition "to hire and train yet this year forty clean, well educated, ninety horsepower men who can not only sell goods, but train and hire salesmen; men who live in the territories they manage; men who can help build an organization as famous as the one Mr. Ingersoll himself built. We will have 400 men in twelve months—we desire a number of them from the banking business."



about supplying the demand that he felt existed.

Mr. Robert H. Ingersoll & Brother have probably sold more watches than all the other factories combined.

"I made them cheap enough for everybody and good enough for everybody," he says in accounting for his success. "I guaranteed them practically to the users' satisfaction. I could have sold them for \$2, but I knew I would sell ten times as many at \$1—that is how we made the dollar famous all over the world. Our watches have been sold in some places before the dollar got there—and you can take that statement both ways.

"Then, too, we know how to advertise and sell on a big scale, hence economically."

Several years ago Mr. Ingersoll incorpo-

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SIXTY-SEVENTH YEAR

NOVEMBER 1913

VOLUME LXXXVII, NO. 5

A Banking and Currency Bill

AT the request of a member of the House of Representatives, the editor of THE BANKERS MAGAZINE has prepared a banking and currency bill. The bill has been prepared by one who has not only a long experience in the banking and currency business, but who is also a member of the House of Representatives. It is believed that the bill will be the unification of our banking system in a manner that will assure sound banking and that will also assure fair play toward the banks and the people. It is believed also that the bill roughly out-

lined below would, in the simplest way, effect both these ends. It is built absolutely upon the country's banking experience as opposed to the pending bill, which is unworkable and revolutionary, and the suggestion for a single central bank, which is not only revolutionary but wholly impracticable from a political standpoint.

To those who are endeavoring to revolutionize our banking system we commend the following proposals based upon evolution.

A Bill to Amend the National Banking Act and for Other Purposes

SECTION 1. From and after January 1, 1915, every national bank shall select a convenient commercial centre in the neighborhood as the point where its checks or other demand credit obligations shall be redeemed at par through the clearing-house located at such commercial centre.

SECTION 2. All clearing-houses of which national banks shall be members are hereby placed under the general supervision of the Comptroller of the Currency; and the constitution, by-laws and other rules and regulations of such clearing-houses shall be subject to his approval. The Comptroller of the Currency shall appoint for each clearing-house of which any national bank may be a member a competent examiner to

see that the regulations of the clearing-house are observed.

SECTION 3. Each clearing-house shall appoint competent examiners to examine each bank member, under rules to be prescribed by such clearing-house, subject to the approval of the Comptroller of the Currency.

SECTION 4. All banks members of a clearing-house organized as above designated may issue their notes to circulate as money to the extent of their paid up and unimpaired capital; and so long as any national bank shall have outstanding circulating notes secured by a deposit of United States bonds, such bank may issue in addition to its bond-secured circulation an amount of its credit notes not to exceed one hun-

dred per cent. of the bank's paid-up and unimpaired capital.

Every bank issuing circulating notes, whether secured by a deposit of United States bonds or otherwise, on receiving the notes of other banks shall not pay out such notes, but send them daily to the clearing-house for redemption. Such notes shall also be redeemed in gold on presentation at the counters of the issuing banks.

All banks issuing currency not secured by United States bonds shall at all times have on hand in their own vaults a reserve of thirty-three and one-third per cent. in gold against the notes issued.

SECTION 5. In addition to the central reserve cities now existing, the city of San Francisco in the State of California, and the city of New Orleans in the State of Louisiana are hereby created central reserve cities. The city of Buffalo in the State of New York is hereby created a reserve city.

SECTION 6. National banks in central reserve cities desiring to act as reserve agents for other national banks shall have a paid-in capital of not less than \$5,000,000. They shall keep on hand at all times in their own vaults a reserve of not less than thirty-three and one-third per cent. in gold, except that by a vote of two-thirds of the members of the clearing-house to which such banks may belong, the reserves may be allowed to fall to a point not below twenty per cent. for a period not to exceed in the aggregate four months in any one calendar year; provided, that the circulating notes of any bank not secured by United States bonds shall at all times be secured by a reserve of not less than thirty-three and one-third per cent. in gold actually kept on hand by the bank issuing such notes.

SECTION 7. National banks in reserve cities desiring to act as reserve agents for other national banks shall have a capital of not less than \$1,000,000. They shall keep on hand at all times in their own vaults a reserve of not less than twenty-five per cent., ex-

cept that by a vote of two-thirds of the members of the clearing-house to which such banks may belong, the reserves may be allowed to fall to a point not below fifteen per cent. for a period not to exceed in the aggregate four months in any one calendar year; provided, that the circulating notes of any bank not secured by United States bonds shall at all times be secured by a reserve of not less than thirty-three and one-third per cent. in gold actually kept in hand by the bank issuing such notes.

SECTION 8. All notes issued under the terms of this act shall be engraved and paid for in the manner provided for the engraving and issuing of national bank notes, except that such notes when engraved and printed shall be sent to the clearing-house of which the issuing bank is a member to be delivered to the bank entitled to the notes under the terms of this act.

SECTION 9. The Secretary of the Treasury shall deposit the surplus funds belonging to the Treasury, above such working balance as he may deem it prudent to retain, with the clearing-houses organized under this act, the funds to be distributed by the clearing-house to member banks in proportion to their paid-in capital.

SECTION 10. A tax of . . . per cent. per annum shall be levied on all bank members of any clearing-house, the fund so derived to be held as a safety fund for the payment of the circulating notes of said banks. The clearing-house shall be entitled to a first lien upon the assets of any failed bank, including the double liability of shareholders, to reimburse it for any payment made on account of the redemption of notes of any bank that may become insolvent.

SECTION 11. No bank member of any clearing-house referred to in this act shall create obligations or liabilities to the public to an extent greater than eight times its capital.

SECTION 12. Gold certificates shall be a legal tender for all debts public

and private except when tendered by the United States.

SECTION 13. All United States notes when redeemed by the Treasury of the United States shall not be re-issued except in exchange for a like amount of gold, and when so reissued such notes shall be changed into the exact form of the present gold certificates and shall possess the same legal qualities.

SECTION 14. The silver dollars now in the Treasury shall, as the necessities of business require, be coined into subsidiary coin; and the silver certificates, at the option of the holder, shall be redeemable in such subsidiary coin or in gold; and when so redeemed, they shall not be reissued.

SECTION 15. All clearing-houses of which national banks may be members shall, within twelve months after the passage of this act, form themselves into a national clearing-house association for the general protection of banking and credit in the United States; the constitution, rules and regulations of such national clearing-house association to be subject to the approval of the Comptroller of the Currency.

SECTION 16. The Secretary of the Treasury is hereby required to redeem annually the outstanding two per cent. bonds of the United States to the amount of not less than \$50,000,000, and if the surplus revenues in the Treasury are not sufficient to effect such redemption, the Secretary of the Treasury is hereby authorized to issue and sell other interest-bearing bonds to procure funds for this purpose. As the two per cent. bonds are retired, the circulating notes of national banks secured by the bonds shall be retired and cancelled in a like amount.

SECTION 17. This act shall take effect January 1, 1915.

It will be noticed that we have made no provision for rediscounting, because if this bill becomes a law rediscounting with its burdensome tax upon

our commerce and industry will be necessary only in rare cases, and where necessary this accommodation may readily be provided for by the central reserve and reserve city banks.

Change from the National to State Systems

Many Banks Making Preparations

ALREADY careful investigations are being made by a number of national banks preparatory to giving up their national charters and reincorporating under State law should the Glass-Owen bill become a law in its present form.

The belief in some quarters that this policy is hinted at solely for the purpose of securing a modification of the bill does not seem well founded. Banks are business institutions, and they can hardly be blamed for taking such action as may seem to them best calculated to serve the interests of the public, which are of course identical with their own interests.

Whether it will be best, all things considered, for the existing national banks to change to State institutions should Congress enact the Glass-Owen measure substantially as it stands, is a question for the decision of each bank purely upon the merits of the question.

The privileges and restrictions of the respective systems are well known. Unquestionably a certain prestige attaches to a bank whose title bears the word "National." Those who infer that this is an evidence of government guaranty are mistaken. But, on the other hand this word in a bank's title does imply that in the organization of the bank certain uniform laws have been complied with, and that the bank is under the supervision of the Fed-

eral government, also that there are certain limitations upon the bank's investments.

Taking all the banks of the country, the national banks have a trifle the advantage of other banks in point of safety. Yet there are many States where the laws relating to banking and the system of supervision are at least as good as under the Federal system.

In a good many of the States the State banks are permitted a much greater latitude in the conduct of their business than is enjoyed by the national banks.

We should not wish to advise the national banks upon a point they are fully competent to decide for themselves. Assuming that the Glass-Owen bill goes through without important modification, it seems to us that in the principal commercial centres there would still be a considerable advantage in remaining in the national system; but perhaps less advantage in the case of "country" banks.

But we do not think any bank ought to act hastily in the matter. It should wait and see just what the new bill provides when finally enacted, and then compare its provisions most carefully with the banking law of the State where the bank affected may be operating. It can then be seen what course is wisest.

Banking sustains very important relations to the entire business of the country, and while the banks cannot be expected to submit to unjust burdens imposed upon them or to accept a measure that would impair their efficient service to the community, they are expected to act cautiously and with due regard to all the factors in the situation. That they will move with wise deliberation, and with thoughtful regard for the public welfare, cannot be doubted.

Control of Centralized Credit

Controversy Between Mr. Vanderlip and Mr. Glass

GREAT surprise was manifested over the recent proposal of Mr. VANDERLIP of New York for the creation of a large central bank, the stock of which should be open to public subscription, the management and control of the institution to be entirely in the hands of appointees of the President of the United States. This proposal was received with favor by a good many bankers and also by several members of the Senate Banking and Currency Committee. But Mr. GLASS, chairman of the Banking and Currency Committee of the House, has publicly criticised the proposal in severe terms. He characterizes it merely as a red herring drawn across the trail for the purpose of creating confusion and causing delay. He also makes this statement.

"The conclusion that I reach from this whole performance is that this newest currency scheme * * * is intended to confuse the question of banking and currency reform, or else it is hoped that, by the adoption of some such scheme of absolute centralization, it will be far easier hereafter for certain gentlemen to get control of it for certain purposes than would be possible under the proposed regional bank system."

We do not assert that this view is correct, nor is it our purpose to consider whether Mr. VANDERLIP has such an aim as this criticism implies.

But we think Mr. GLASS ought to perceive the conclusion to which his own criticism leads, namely, that any centralization of credit—and the centralization proposed in his own bill is stupendous—will be open to precisely the same objection which he launches

against the VANDERLIP central bank plan.

The GLASS bill effects centralization, and it will only remain for the politicians or the great financial interests to get control.

The real danger is in the fact of centralization. In the long run this centralization of credit will fall under the dominion of big bankers or big politicians.

We believe those who are proposing this colossal aggregation of the credits of the country, either through the Federal Reserve Board or the central bank plan, are pursuing the wrong course.

Better allow the bankers to unify our banking system through their clearing-house organizations, requiring all banks to become members, thus assuring sound and wise bank management, and then have the rules of the clearing-houses approved by the Comptroller of the Currency, and the operations of the clearing-houses watched over by a government inspector, thus assuring fair play to the public.

This is banking reform along safe evolutionary lines as distinguished from the revolutionary proposals of the Glass-Owen bill and the plans put forward for a central bank.

The Business Outlook

ALREADY people are beginning to look ahead to see if they can discern any signs, omens or portents in the clouds favorable or unfavorable to the conduct of business in the coming year. In one respect the ancients had the advantage of us. They could have the professional prognosticators cut open the carcass of a sheep, examine the entrails and deduce therefrom a fair forecast of the probable course of events. There were equally efficient means of finding out the views of the

oracles and deities that managed affairs in those times. The modern prophet has a much harder job. He must take note of a lot of things if he is to establish any reputation whatever. The weather, crops, war, politics, tariff, currency, banking, legislation, labor conditions—all these and other elements have to be carefully studied. Even then an earthquake or other great cataclysm of nature may upset his nicest calculations. To hazard a guess under such circumstances would be little short of a display of foolhardiness.

The situation here and abroad is complicated at the present time by more than ordinary difficulties. Europe shudders before the dread of a war that may come at any time; Mexico has been in a chronic state of disturbance for a long while. Our own land, happily exempt from civil or domestic broils, nevertheless faces some problems whose disturbing possibilities defy accurate measurement. The tariff seems to have occasioned less trouble than was looked for. A radical upheaval of our banking system causes some apprehension, though even here the experience with respect to the tariff may be repeated.

When the country settles down after the tariff and banking agitation, its respite probably will be short-lived, for a new definition of the government's attitude toward "big business" may be looked for from Congress before long. The position taken by Mr. Wilson in his campaign addresses last year hardly justifies the expectation that he will make any concessions to the "trusts." He will doubtless demand a more effective regulation of them.

Were the policy of the government in regard to the tariff, the currency and the trusts likely to be continuous, business men would then find it possible to get their bearings and make

their arrangements accordingly. But no such pleasing situation exists. Hardly will the legislation passed by the present Congress be spread upon the statute-books before the election of a new Congress will be pending with the possibility of a change in political complexion, and even the Administration itself has but a short lease of power.

These elements are not of a particularly reassuring nature, but they have in them no claim to novelty for they have been encountered at frequent intervals in the country's history. Business men in the United States would probably show great surprise were they allowed to carry on their operations for more than a year unhampered by impending changes in the tariff or in some of the other factors which affect production and commerce through legislation.

But while the country may never hope for immunity from disturbances of this nature, and has in fact grown familiar with them through long experience, the circumstances at present existing possess some particularly annoying and serious phases.

It has been a good while since the party favoring a material lowering of tariff duties has had a free hand, with a Congress and an executive both favoring such policy. People of course differ as to the question of a protective tariff, and while there is a general sentiment favoring a considerable reduction of duties, the opinion is widespread that until an adjustment to the new standard takes place there will be some disturbance of business.

With the pending banking legislation the outlook is even less reassuring. Conservative bankers are not slow to declare in many instances that if the bill finally becomes a law substantially in the shape it reached the Senate, very serious harm may result. It is claimed by these bankers that

the changes in the location of reserves and the contributions required for the capital of the new banks will put a severe strain on many of the existing banks, compelling a material re-arrangement of loans. The new banking machinery is largely experimental; and even if it works satisfactorily, the process of getting it in operation will almost surely occasion considerable difficulty.

Of even graver concern is the probability that this colossal concentration of the country's banking and credit will almost surely be made the subject of political attack as soon as the new system gets into operation.

Finally, with respect to Mexico, the outlook at the time this is written does not warrant a hopeful view, and the possibility of a peaceful adjustment of the difficulties in that unhappy country seem farther away than ever.

If this prophecy seems rather dismal, some consolation may be found in the words of Holy Writ which declare: "Whether there be prophecies they shall fail." For the sake of prosperity, widely diffused, we should be quite willing to forego any reputation that might follow upon the verification of the views above set forth. Should these views be well founded, however, their expression at this time may serve a useful purpose in admonishing every one to be cheerfully industrious and wisely economical—a course of procedure not inapplicable to all times and seasons.

Savings Investments

THE recent failure of a national bank with a savings department causes the Lowell (Mass.) "Sun" to reproduce an article which it published on December 22, 1903, under the caption "Protect the Savings Deposits."

This article pointed out the great latitude permitted to national banks in the employment of their funds contrasted with the restrictions thrown around savings investments by the Massachusetts law and stated the belief that in order to protect savings depositors in national banks, "the best way would be to have all national bank savings departments in this State remodelled as early as possible into full-fledged Massachusetts savings banks."

There are sound reasons why savings deposits should be removed from the unavoidable perils to which commercial deposits are subject, and the laws prescribed by the States having the mutual savings bank system—and, of course, by some other States—regulating the investment of savings funds are wise and just.

If national banks are to set up savings departments, and to compete with the established savings banks whose investments are carefully regulated, the national banks ought to conduct their savings departments on the same conservative lines as the savings banks do. Certainly, the national banks would not wish to be charged with a desire to lower the standard of savings bank in-

vestment. In many of the States the laws already in existence establish a safe standard to which the national banks ought to conform in handling savings deposits. Where such a standard is non-existent, a reasonable and safe one might well be prescribed by the Federal government.

Unless the savings departments of national banks are carefully regulated as to their investments they may become a source of weakness to the banks themselves, for commercial banks do not need to be told of the peril of having constantly before them the calls from a multitude of small savings depositors in time of general distrust of banks—a peril that may be largely reduced by having the people feel that their savings are wisely invested.

THE attention of subscribers to THE BANKERS MAGAZINE is called to the delays in mail delivery under the present system of handling monthly magazines in the postoffice, accounting for the lateness of receipt of the MAGAZINE by some of our subscribers at more distant points. Arrangements have been made for earlier publication so as to offset as far as possible this delay.

Senator Sherman of Illinois Criticises the Glass-Owen Bill

"The currency bill undertakes to create credit by the fiat of a board whose membership depends on the rise and fall of candidates in a political campaign.

"For myself, I would support a law to wind a watch with a crowbar as cheerfully as I will support any such bill."

THUS spoke Hon. Lawrence Y. Sherman, United States senator from Illinois, in an address before the recent convention of the bankers' association of his State. His address was interesting. Here it is:

GOVERNMENT REGULATION AND GOVERNMENT CONTROL.

"There is a sharp distinction between Government regulation and Government control. Regulation is univer-

sally recognized as necessary and proper for both persons and property. It is an admitted and universally applied means of enabling civil society to administer one of its chief purposes. Persons are regulated so as to restrain injustice, violence, oppression and fraud. Property is regulated so that the owners or possessors may so use it as not to interfere with the lawful right of others. No man may so use his own as to hurt another in his lawful rights of person or property. Regulation assumes a wide scope in its operation. Civil and criminal codes are constant witnesses to the just exercise of public authority for the benefit of all. There is a well defined limit to regulation. It may not be distinct in each specific instance, but when many acts are grouped on either side of the line the man of average information recognizes where Government regulation ought to stop. He feels instinctively that to go beyond would be an unwarranted interference with the individual and private right of the citizen. The Government ought not to regulate except in necessary things. To extend the regulatory power, unless there is some useful and necessary purpose to be served, is never justified. If no remedy is to be invoked, if no mischief exists that cannot be cured by the natural laws of agriculture, of industry and commerce, no statutory law ought to be imposed. If an occupation can be conducted equally well and no public injury result without legislation as with it, legislation ought not to be enacted.

"Control administers, orders, does and tells how others shall do in the conduct of the occupation controlled. A man controls his business activities. He embarks in the pursuit of his choice. He acquires property. He controls it, or he controls as agent of the owner. A man owns land. With the title the control passes as an inseparable and indispensable incident of ownership. The farmer controls his acres. The owner of an office building controls it through himself or agents. A merchant controls his merchandise. The owner of

money controls it. He puts it in a vault, in his pocket, or deposits it in a bank. He hoards it, gives it away, invests it or spends it for necessities, luxuries or pleasure, for the objects of his care or for self, or other purposes. In whatever form private property may be in the owner, the control is as essential and vital as the title itself. For most purposes if control be separated from mere ownership there is a destruction of all the useful incidents of that ownership. Without that control of what use is land to the farmer? He cannot choose the crops to be sown, the method of cultivation, when and how to harvest, at what price to sell, by his voluntary act, the proceeds of his toil. The same applies in different forms to the merchant and the owner of all other kinds of property. Deprive me of my control, and my property had as well be taken, for most practical purposes. No matter who takes that control from me, if the Government takes it, I lose it; if private agencies take it from me involuntarily I lose it in like manner. It is, therefore, unimportant by what agency the control of my property may be severed from my ownership. Acts are measured by the effects among all men. The effect on me is precisely the same whether control be absorbed by either public or private means against my consent. The foregoing are maxims that seems almost to require an apology for their statement. If the individual activity of the American citizen is to be preserved it is proper to refer to those elementary truisms.

"We are now passing through a period of legislation sometimes difficult to distinguish between regulation and control. Some publicists have a mania for invading individual rights by attempted legislation. Their entire activities are expended in the words 'Be it enacted.' Whether a law is adapted to the underlying conditions or whether it does violence to every human experience, to them is of no consequence. Their sum total of human effort is to talk. The free coinage of language represents to them the wealth of nations. If it can

be translated into laws it represents the superlative wisdom of government. We pass through the extreme swing of the pendulum in such thought. An entire absence of interest leads to a lack of adequate regulation. The opposite state leads to lawless interference with individual rights. The genius of government is in sane regulation, not in mad extension of control into the domain into which government has no good right to enter.

UNJUST HOSTILITY TOWARDS BANKS.

"It is undeniable that in certain places there has existed and now exists, hostility to banks and bankers. There is no just reason for it now nor ever was. Banks and bankers in the aggregate are what they are individually in the community where they live and do business. I do not regard a banker as a dangerous man in the community where I make my home. On the contrary, without exception, all of them I know possess the confidence of all of the responsible men there in agricultural, industrial and commercial life. Why men of this type when considered in the aggregate should be regarded by some lawmakers and public officers and political parties occasionally as a dangerous combination is singular to say the least. What is a bank? From the viewpoint of a layman, considered in either its public or private capacity, it is a nucleus first of men of character to assemble a certain amount of money. If a private bank the entire fortunes of the men are pledged to their creditors. If an incorporated bank, their subscribed capital stock with an equal additional amount usually is the security offered to the business community as a pledge of responsibility. Thus far no bank would ever engage in business. The principal part of the bank is, therefore, its depositors. Who are the depositors? Those who have individual money. They trust it to the bank on the responsibility and character of those who assemble the shareholders and their subscribed capital. Both the capital stock and the deposits

are individual and private property. So far the law has regulated banks for the protection of depositors and the shareholders. Such regulation has proceeded along and adhered very closely to the lines developed by the experience of prudent and wise banking. Good banking has grown from the laws that are antecedent to the fiat of legislatures and Congress. If an evil appeared, if unjust practices were indulged in, the bankers themselves have recognized them. A well conducted bank has refrained from such offenses. If, however, the inducements to depart from the lines of good banking appeal to the inconsiderable minority, laws become necessary to regulate but not to control the business of legitimate banking under the laws of finance. Just so far as legislation does violence to the sound basis of agriculture, industries, commerce or banking, the Government and its people will reap the harvest of economic error. This country is based upon the individual initiative, activity and enterprise of our people in private life. I am a believer in the unquestioned superiority of private undertaking in everything save those things that are universally recognized as essentially governmental in their nature. This is a government of regulated individualism. We cannot undertake safely to control in time of peace either the persons or property of our people. It is reported as being said by an eminent authority on September 19, 1918, that 'legislatures enact laws whereby men shall be hanged, and do you tell me that this Government has no right to control a bank?' It is pertinent to inquire why men are hanged under the laws of our country. Not until they have forfeited their rights to live by committing murder. Is this penalty authorized by society? Have the banks or bankers of this country committed such offenses or been so reprehensible in the conduct of their business as to suffer financial capital punishment or have entered against them a decree of corporate death resulting in the dissolution of every national bank of the

country? This is the question to be answered now and hereafter.

SOME PROVISIONS OF PENDING BILL UNFAIR.

"Currency bills are now pending in Congress that raise in an acute form the questions stated. Seventy-five hundred national banking associations are doing business in the United States under charters granted by existing laws. The shareholders and the depositors' money are in the care of those banks. The officers are but the chosen agents of the shareholders who manage the business. The corporation is a creation authorized by an act of Congress. It furnishes a convenient although not indispensable vehicle for the execution of banking powers. All pending bills on the subject undertake a remedy that I regard as an unwarranted and unwise interference with the private funds of the stockholders and depositors of national banks. Many good features are in the bill. They are found, many of them, in the report of the National Monetary Commission, with which you are familiar. Most men informed on the matter agree that legislation is necessary. That necessity, however, ought not be the excuse for some of the provisions of the pending bill. The incorporation of reserve banks with an involuntary subscription by the existing national banks in an amount equal to twenty per cent. of their capital stock is not justified as an act of government. The failure to so subscribe is a dissolution of the delinquent bank. This may be properly regarded as a coercive measure designed to force the shareholders of such banks in effect to surrender one-fifth of their investment to governmental control under pain of corporate death. A fixed percentage of the deposits is in like manner to be involuntarily surrendered to the reserve banks. This in its necessary effect, through the instrumentality of the banks, removes the depositors' money from the custodian of their choice to Government control. The bank's ability to extend credit is thereby impaired with no corresponding gain.

"THE PEOPLE'S MONEY."

"In the public discussion now in progress the phrase 'the people's money' is constantly used. The people's money as applied to the 7,500 national banks is in its ultimate analysis the money of shareholders and depositors. The vast bulk of it, however, is that of the private depositors. The relation of debtor and creditor exists between the bank and the depositor. The rights of shareholders are subject to that of depositors. The people's money, however, is that of the people who are the creditors of the bank and depositors therein. The remainder of the people's money is the shareholders' money. A large part of the discussion in behalf of such legislation is by those who seldom trouble themselves by this analysis. Nobody has any money in this country unless he has lawfully acquired it. When he becomes a shareholder or a depositor the money is not thereby transformed into public funds. It is still private property. The bank owes it to the depositor. The bank, its shareholders and its officers, are surrounded by many stringent rules and regulations and much more rigid ones than ever bind the average debtor. All of these laws, together with periodical examinations and publicity provisions are for the security of the depositors primarily and later for the shareholders' security. This compulsory provision of the currency bill seems to me a wholly unjustifiable and unnecessary interference with the money of the people who own the money. Just now a part of the public eye sees nothing but the bankers. The second thought will enlarge Governmental vision sufficiently to see all the people who own the people's money.

POLITICAL CONTROL OF CREDIT.

"One of the greatest factors in modern business is credit. This is a gold standard nation. There is happily but one kind of money now. The activity of a dollar measures its good in agricultural, industrial and commercial life. It measures the power of a bank to cre-

ate credit whenever, wherever and so long as needed. An active dollar, like the Disciples, is constantly doing good. The only difference is the Disciples never faltered in their work. They possessed supreme confidence in their Great Master. Money halts on the loss of confidence. The instant the dollar halts it ceases to bear the burden intended by every dollar of redemption money in the civilized world. An idle dollar means curtailed credit. Credit, therefore, becomes one of the most essential factors in the business of our country. I could not define credit to you if I tried. It is incapable of definition when it is to be described in the necessary elements that will justify its extension to a proposed borrower. Credit is, in every instance, a product of the borrower and lender in the community where it is sought. Nobody can so adequately measure the propriety of its creation as those who are familiar with the circumstances of the borrower and the lender.

"The currency bill, however, undertakes to create credit by the fiat of a board whose membership depends on the rise and fall of candidates in a political campaign.

"For myself I would support a law to wind a watch with a crowbar as

cheerfully as I will support any such a bill. Credit is too vital, too universal and too much an inevitable incident of private business to be governed by a public board dependent for its life on the fluctuating results of successive campaigns. Shall we be blind to experience and deaf to the laws of business? Shall we be caught by a phrase and ruined by a theory? 'Free business' sounds well, but there is no such thing and cannot be. It is like civil liberty, which is not the savage freedom of the barbarian, but is natural liberty regulated by wise and just laws. Business is restrained by commercial laws superior to statutes. Legislation may wreck, but can never repeal them. Business is ruled by laws as inexorable as the tides. No law can enable anybody to borrow money at pleasure. Neither can it enforce upon those who are owners of private property the obligations to lend to all alike on equal terms. The attempt to so control credit can end in nothing but disastrous failure. The money of this country, the people's money, if we adhere to the phrase, cannot be held by banks under laws that place in the hands of Government its control, its investment or loan, and direct to whom and on what terms credit shall be extended."

Little Leaks That Waste the Profits of a Bank

BY EDGAR G. ALCORN.

BANK profits are often materially reduced by little leaks due to the carelessness or extravagance of the office force.

Some bank officers are too indifferent to small items of expense, thinking that the waste amounts to so little that it is not worth taking account of; or that too close attention to such small details may give the impression of narrow and penurious management.

It is sometimes thought that only the smaller banks should exercise strict

economy in these matters; but, as a matter of fact, the larger the bank, the greater the need for economy. As a bank grows, the opportunity for waste and extravagance increases; and while some of these wastes may appear small in themselves, in the aggregate they count up very fast.

CARELESS DISTRIBUTION OF SUPPLIES.

As a rule, these office wastes arise from careless distribution and improper supervision over the use of office sup-

plies. The average bank will buy various supplies in large quantities, stack them in their vaults, and give the entire bank force free access to them. The stock is not given in charge of a particular employee, as it should be, so that he may be held responsible for it, as a teller is held responsible for his cash. Consequently the bank has no record of the quantity of the various kinds of supplies on hand, nor is it possible to tell whether the supplies are being wasted or properly used.

By mere accident the cashier of one bank discovered a little office waste, and in following it up, found other leaks which were cutting into his profits. One day, after hours, he happened to notice that the bank floor was littered with little rubber bands, such as are used by the clerks to place around batches of checks, pass-books, etc.

Thoroughly indignant at such wilful waste, he at once made an investigation, and found that an almost incredulous number of "elastics" were consumed in the course of a year. He found also that the entire supply was accessible to all the clerical force, including the messenger boys, who carried a large supply in their coat pockets, and amused themselves at odd moments by "shooting" them at each other.

Thousands of others were wasted by being discarded after they had been used but once. In removing them from batches of checks, the clerks would carelessly drop them on the desk or floor, and whenever others were needed it was more convenient to reach in their pocket for a new one than to rummage around on the desk for an old one. Large quantities of wire clips were wasted in the same way.

When this wastefulness was stopped, it was found that the consumption of rubber bands and wire clips was reduced over fifty per cent. Thereafter these were apportioned to the several clerks, and they were no longer permitted to carry them in their pockets. Little glass cups were provided for each desk in which a small supply was kept. Instead of discarding bands and

clips that had been used once, they were dropped into these cups and perhaps used over and over again.

Another waste which the cashier found was in the use of lead pencils and erasers. Lead pencils were usually about half used and then thrown in the waste basket. By placing metal holders on the partly used pencils, it was found they could be used until sharpened down to a very small stub. Erasers were also only about half worn and then discarded. By requiring the old one to be "turned in" when new ones were required, this waste was soon stopped.

POSTAGE AND STATIONERY LEAKS.

Postage and stationery expenditures were also found to be a source of waste. All the clerks, even the office boys, had free access to the "stamp box," and they were all using the bank's letter heads, envelopes and stamps in their private correspondence. When these were given proper supervision and an accurate account kept of them, a tremendous saving resulted.

A great deal of postage is wasted in many banks by the tendency of stenographers or mailing clerks to guess the amount of postage required for outgoing mail. The clerks should be cautioned repeatedly that when in the least doubt about the amount of postage required on letter or other mail, it should be weighed and stamped with the exact amount. Most banks upon investigation would be surprised at the mail that goes out excessively stamped.

Further saving in postage may be effected by avoiding duplication in outgoing mails. During the day several letters are often written to the same bank, besides reports of collections, credit advices, etc. To avoid this waste, some banks hold all mail, except letters of special importance, or letters requiring haste, until the closing hour each day. The letters are then carefully sorted, and all letters and notices addressed to the same bank are placed in one envelope, unless the bulk should require more than one.

Another big saving along the same

lines may be accomplished by ascertaining the exact weight of proposed booklets, folders, etc., used for advertising purposes, before they are printed. It often occurs that a booklet, or other printed matter gotten out by the bank, will overweigh only a small fraction of an ounce, making it necessary to use an extra stamp. If the exact weight had been known before the printing was done, which would have been possible had the printer submitted a "dummy," dollars could have been saved in mailing.

It is usually a simple matter to reduce the weight of the booklet or folder so that it will not overweigh. This may be done by using a lighter stock paper, trimming the edges of the book a little closer, using a lighter cover, by increasing the width of the type page or by using a slightly smaller type, a change which would not be perceptible to the average reader.

WATCH THE INK AND THE PENS.

Another little leak, located by the same cashier, was in the pen and ink consumption. It was found that all the clerks were in the habit of leaving their ink-wells uncovered during the night, and consequently they collected dust and dirt to such an extent that the ink thickened and was unfit for use, requiring the wells to be emptied and refilled every two or three days. This waste was stopped simply by requiring the clerks to keep their wells covered when not in use, and instead of re-filling them to the brim every time they were cleaned, they were filled only about one-third full, and there was very little to be thrown out when the well was replenished.

Noticing that a large quantity of pen points were being used, it was found that the clerks were extremely extravagant, some of them using two or three a day. Thereafter pen points were apportioned to each clerk and an account kept of the number that each one of them used. Naturally, the clerks exercised more economy, and the consumption of pens was only about one-

tenth as much as formerly. Instead of throwing the used pens in the wastebasket, they were collected in a little box and afterwards used for the customers' desks.

While pens may be too "scratchy" for a bookkeeper to use on his books, they are by no means useless, and can be made to do service on the customers' desk for several days. As a rule these pens are used merely to endorse or fill out a check, and with so little use, fresh pens are not necessary. The customers' desk may also be kept supplied with ink in this way. In cleaning the wells on the bookkeepers' desks, instead of throwing out the ink that is usually left in the wells, it may be poured into another bottle and used to fill the wells on the customers' desk. If this ink should be a trifle thick, a little water added will not hurt it. However, the ink on the customers' desk should at no time be allowed to get thick or the pens gummy.

SAVING IN THE STENOGRAPHIC DEPARTMENT.

In the stenographic department one cashier inaugurated several little economies that at the end of the year amounted to quite a saving. Instead of using manifold sheets for making carbon copies of outgoing letters, he had the copies made on the back of the letters to which replies were sent. The advantage in this was not only in the saving of paper, but it saved time, as the carbon copies of letters did not have to be attached to the letters by wire clips or otherwise, and there was no danger of the copy becoming separated from the letter to which it was a reply, as is very often the case when copies are made on separate sheets, thereby causing loss of time and considerable annoyance at times when it was necessary to search the files. Much space is also saved in the files, the capacity of which will be increased nearly fifty per cent.

However, when separate sheets are used for carbon copies, paper bills may still be reduced, and the capacity of the

files increased by the use of very thin white paper instead of the thick yellow sheets often used by banks.

The carbon sheets, used for making carbon copies of letters, are rather expensive, yet there is a good deal of waste in their use. These sheets usually come in full legal size, and in writing letters a wide margin is always left at the top, sides and bottom. Consequently only the middle of a sheet of carbon paper becomes worn, leaving the wide margin all around unused, causing quite a waste in the course of a year. To stop this waste sheets are cut half in two, and while they are then smaller than the usual business letter head, they may be placed in the center of the two sheets, so that they are the full length and width of the typewritten page, leaving only the slightest margin all around unused. Thus, just double the service is gotten out of each sheet of carbon paper.

Another stenographic detail where a saving may be effected is in the use of typewriter ribbons. It has been found that ribbons can be made to last longer by adjusting the machine to the touch of the operator, as some stenographers have a light touch, while others have a heavy one. Heavy strokes on a light-gearred machine will soon wear holes in the ribbon.

There is always a strip through a typewriter ribbon that does not receive any wear, and to avoid waste, this unused portion of the ribbon may be used on a machine with a two-color attachment. First, the attachment is set for one color until that portion of the ribbon becomes worn, then it is reversed so that the other portion will be brought into use. The life of the ribbon may still be prolonged by turning the ribbon over, so that the type will strike the opposite side.

Typewriter ribbons are rather expensive, but it is advisable for a bank, though small, to keep a good supply of them on hand. These ribbons should never be kept in a dry place, as they dry out easily and become practically useless. One method recommended to keep ribbons fresh is to procure a small

tin box, place a thick layer of cotton sewed in cheese cloth in the bottom, and saturate it with glycerine. Spread a piece of oiled paper over the cotton, and the ribbons placed on top of this will absorb sufficient moisture to keep them fresh.

DEPOSIT TICKETS, CHECKS, STAMPS AND PADS.

Blank deposit tickets and checks on the customers' desk are often used as "scratch" paper. In some banks even clerks use them for this purpose. When lithographed checks are used the waste from this source in the course of a year is no small item, especially in large banks. Every bank will save money by supplying each clerk's desk and the customers' desks outside, with pads of scratch paper. These pads are usually made up from printers' waste and are not expensive. The size of the sheets need not be large, for, as a rule, only a few figures, or a brief memorandum, is made on a sheet. Sheets about three and one-half by five and one-half inches will be found sufficient, and it is cheaper than having the pads made up in larger sheets.

Rubber stamps and stamp pads are generally worn out or discarded before it is necessary, because they are not properly cared for. Racks are not even provided, but the stamps lie around promiscuously on the desk, and are never cleaned with a brush. Ink pads lie open all the time and accumulate the dust so that they are useless in a short time. Stamps should be kept in racks, of which there are several varieties, and brushed often with a stiff typewriter brush, and cleaned with alcohol. They may also be softened with glycerine.

Pads will also last much longer if kept clean. They should be scraped thoroughly and frequently with a flat piece of metal. Quite a saving is not only effected in this way, but neater and more legible impressions are produced.

Thus, in every bank, large or small, there are many of these little leaks and wastes which can be stopped only by

constant vigilance and strict economy. While it is not wise to carry economy to the point of penuriousness, yet many banks have learned that to avoid un-

necessary waste they must establish strict rules with regard to the use of office supplies in the various departments.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

Recent Decisions of Interest to Bankers

Clearing House

RULES OF—PAYMENT THROUGH—WHEN
PAYMENT COMPLETE.

Supreme Court of New York, Appellate
Division, First Department, May 30, 1913.

COLUMBIA-KNICKERBOCKER TRUST COMPANY VS.
ANDREW MILLER.

The payment of balances through the clearing-house is merely a tentative payment of items debited against any individual bank, and payment is not to be deemed complete until the debtor bank has had an opportunity to examine the items debited against it, and has either by silence or affirmative act approved of this debit.

A check is "not good" within the meaning of the clearing-house rule relating to the return of checks "not good" when the bank upon which it is drawn refuses to pay for any reason whatsoever.

A check drawn by a stock exchange house was presented through the clearing-house and received by the drawee bank about 10.30 in the forenoon. About noon the drawers announced their suspension and immediately afterwards wrote to the drawee bank: "We regret to state that we are forced to suspend. Assignee will be named later." The bank then returned the check with this notice: "Returned to 23 by the National City Bank. Assigned."

Held, that the memorandum was a sufficient notice that the check was returned as "not good."

THE defendant, about noon on January 18, 1910, deposited in his account in the Knickerbocker Trust Company a check drawn by the Stock Exchange firm of Lathrop, Haskins & Company on the National City Bank. The plaintiff credited the defendant with the amount of the check and then sent the check to the National Bank of Commerce, its clearing house agent. The National Bank of Commerce in-

cluded this check among the items which it sent on the following morning to the clearing house. The clearing house debited the amount of the check against the National City Bank, credited the amount to the National Bank of Commerce, and sent the check to the National City Bank. Thereafter, and about one-thirty p. m., the clearing house, in accordance with its rules, adjusted the credits and debits existing between the banks by delivery of its clearing house certificates. The check was received by the National City Bank through its messenger about ten-thirty in the forenoon. About noon on that day the firm of Lathrop, Haskins & Company announced from the rostrum of the Stock Exchange that it was unable to meet its obligations, and about the same time the firm wrote to the National City Bank: "We regret to state that we are forced to suspend. Assignee will be named later." Promptly thereafter the National City Bank returned the check to the National Bank of Commerce with a memorandum: "Returned to 23 [the Bank of Commerce's clearing house number] by the National City Bank of New York, assigned." It was agreed that the word "assigned" referred to the drawers of the check, and was intended as a statement of a reason for returning the check. The National City Bank at no time physically debited the amount of the check against the firm of Lathrop, Haskins & Company. The parties agreed that the check was received by the National Bank of Commerce before three o'clock, and it was

shown that they thereupon presented the check for payment to the National City Bank, protested the check for non-payment and mailed notice of dishonor to the defendant.

Judgment was rendered in favor of the plaintiff, and the defendant appealed. The appellate division affirmed the judgment upon the opinion of Lehman, J., at special term.

LEHMAN, J. (Omitting part of the opinion): One of the objects of the Clearing-House Association is "the effecting at one place of the daily exchanges between the members thereof and the payment at the same place of the balances resulting from such exchanges." The system was evolved to overcome the difficulty of presenting great numbers of checks to the various banks of the city for payment and transporting the currency to pay these checks from one bank to the other. By the use of the clearing house settlement each bank is saved the labor of a direct presentation of the checks to the various banks of the city, and is able to make payment of items drawn against it by the use of a minimum of cash, for it pays only the net balance found against it in favor of all the banks instead of being obliged to pay each item separately with the consequent loss of cash while in transit and until it received payment of any items in its favor from the other banks. The Clearing-House Association undoubtedly contemplates that the items of exchange shall be actually paid through the clearing house, but the question remains at what instant this payment is to be deemed complete. The individual banks do not maintain agents at the clearing house to pass upon the validity of the checks. They examine the checks drawn against themselves only after they are sent by the Clearing-House Association to the individual banks. Until that time they have not had an opportunity to pass upon the genuineness of the signature or upon the sufficiency of the depositor's account. They have not even had the opportunity to examine whether the checks debited against them were in

fact drawn against them. The Clearing-House Association has nothing to do with any of these matters. Its constitution provides that "the association shall be in nowise responsible in regard to the exchanges between the members nor in regard to the balances resulting therefrom, except so far as such balances shall be paid into the clearing house through the manager or his assistants." The constitution provides further that "between the hours of 12.30 and 1.30 p. m. the debtor institutions shall pay to the manager at the clearing house the balances against them," and that "at 1.30 o'clock p. m., or as soon thereafter as the amounts can be made up, provided all the balances due from debtor members shall have been paid, the manager shall pay the creditor members the balances due them, respectively." Finally, the constitution provides that "errors in the exchanges and claims arising from the return of checks, or from any other cause, are to be adjusted directly between the members which are parties thereto, and not through the clearing house, the association being in no way responsible in respect to them." It seems to me that a fair interpretation of these rules is that the payment of balances by the Clearing-House Association is merely a tentative payment of items debited against any individual bank, and that the payment is not to be deemed complete until the debtor bank has had an opportunity to examine the items debited against it and has either by silence or affirmative act approved of this debit. So far as concerns checks which are actually not good or mis-sent, there can be no doubt that the individual banks have the right to retract any payment made in their behalf up to 3 p. m., for the constitution provides that "all checks, drafts, notes or other items in the exchanges returned as 'not good' or mis-sent, shall be returned the same day directly to the member from whom they were received, and the said member shall immediately refund to the member returning the same the amount which it had received through the clearing house for the said checks,

drafts, notes or other items so returned to it, in lawful money or in clearing house certificates," and the rules provide that "return of checks, drafts, etc., for informality, not good, missent, guarantee of indorsement, or for any other cause, should be made before three o'clock of the same day."

By virtue of these sections of the constitution and rules the individual bank had a right to return any check marked "not good" or missent to the creditor bank and claim the sum which had been debited against it, subject, of course, to the right of the creditor bank to enforce any right which it might have against the debtor bank on the instrument itself. In other words, the payment of the clearing-house balance may be retracted and repayment be demanded and the creditor bank then left to any remedy which it might have in law to enforce payment of the repudiated item. The defendant, however, contends that these sections of the constitution do not apply except where the item returned is returned as "not good" or "missent," and that they do not apply in this case because the check bore only the memorandum "assigned," and there is no proof that the drawer did not have sufficient funds in the bank until the close of banking hours, for no petition in bankruptcy was filed and no receiver appointed until after that hour.

I cannot agree with that contention. The mere fact that the check did not bear the words "not good" is immaterial so long as it was returned with the intimation that the bank upon which it was drawn would refuse to honor it. A bank of deposit is under no obligation to the payee of the check to pay any check drawn against it. So far as he is concerned it may capriciously refuse to pay the check and be answerable not to him, but to the depositor. The check is in fact "not good" when the bank refuses to certify or pay it for any reason whatsoever. It could hardly be contended that the bank on which this check was drawn was under any obligation to pay the check if the depositor had ordered

payment stopped, and in effect it seems to me that the notice of insolvency was intended as a notice to stop payment of all checks coming due thereafter, and the memorandum on the check containing the word "assigned" was a sufficient notice to the collecting bank that the check was returned as "not good." It is true that there is no proof that up to the time of the notice of insolvency the National City Bank had any intention of returning the amount tentatively paid on this check or that the check up to that time was in fact "not good," but, on the other hand, the City Bank had performed no unequivocal act in recognition of the validity of the check, such as debiting the check against the account of the drawer. Until it had performed some act of express ratification of the payment through the clearing house or had silently acquiesced in the payment until three o'clock, it seems to me that it had maintained its legal right so far as the payee was concerned of declining to pay the check and thereby rendering it "not good." Any other interpretation of the obligations which the banks constituting the Clearing-House Association intended to incur under the system of exchanges instituted under its constitution and rules would, in my opinion, cause unnecessary confusion, for the collecting bank could not return the amount claimed by the bank on which the check was drawn without subjecting itself to liability to its depositor, unless it could prove in a court of law that when the check came into the hands of the drawee the check was either forged or there were no funds available for its payment. The entire system of clearing house exchanges is based upon the convenience of the constituent banks, and this convenience is arrived at only if the transactions of the clearing house are regarded as constituting merely a tentative payment which the debtor bank may retract within the course of the banking day for any reason whatsoever. In this view the checks are to be regarded as presented to the bank by presentment to the clearing house with the under-

standing that they shall not be regarded as paid until the drawee signifies its acceptance either by affirmative act or silence for a stipulated period. Only when such acceptance has been shown does the payment of the balances by the Clearing-House Association constitute a payment of any individual item. Until the drawee bank has actually accepted the check it may render the check "not good" by refusing to honor it and by returning it to the bank presenting it.

Promissory Note

HOLDER FOR VALUE—PRE-EXISTING DEBT
Supreme Court of New York, Appellate
Term, First Department.

BRODERICK & BASCOM ROPE CO. VS. MCGRATH.

The Negotiable Instruments Law changed the rule in New York, so that now in this State a preëxisting debt without extension or forbearance is a sufficient consideration to constitute a holder for value.

THIS was an action upon a promissory note made by the defendant and delivered to the Henry J. McCoy Company in payment for a steam hammer, and endorsed and delivered before maturity to the plaintiff in payment of a preëxisting debt. Upon the trial evidence was admitted, over the objection of the plaintiff, to prove that the steam hammer was not as represented and had been returned by the maker to the payee. Judgment was given for the defendant, and the plaintiff appealed.

PAGE, J.: From the decision of *Coddington vs. Bay*, 20 Johns. 637, until the enactment of the Negotiable Instruments Law (Law of 1897, chap. 612, Consol. Laws, chap. 38) it was the law of this State that in order to constitute one a holder for value it was necessary that he part with some present consideration. Therefore where a holder received a note as collateral security for a preëxisting indebtedness, without discharging the debt or granting extension or forbearance on account thereof, such a holder was not a holder for value, and was subject to the equities existing between the original parties. The decisions in this State, in

this regard, were not in harmony with the decisions in the Federal and many State courts. The Negotiable Instruments Law was proposed by the commission for the promotion of uniformity of legislation in the United States.

That law provides, section 5: "What constitutes consideration. Value is any consideration sufficient to support a simple contract. An antecedent or preëxisting debt constitutes value; and is deemed such whether the instrument is payable on demand or at a future time."

Section 52: "What constitutes holder for value. Where value has at any time been given for the instrument, the holder is deemed a holder for value in respect to all parties who became such prior to that time."

Courts of this State at first refused to recognize in this enactment the legislative intent to change the rule that had been recognized and enforced in this State since 1822 and held that this provision of the Negotiable Instruments Law had not abrogated the rule announced in *Coddington vs. Bay*, 20 Johns. 637. (See *Sutherland vs. Mead*, 80 App. Div. 103, 107; *Roseman vs. Mahony*, 86 id. 377, 378; *Bank of America vs. Waydell*, 103 id. 28, 33; *affd.*, 187 N. Y. 115.)

But the later cases, without expressly overruling these decisions, have held that the Negotiable Instruments Law has changed the rule in this State and brought our law in harmony with that of other jurisdictions and a preëxisting debt without extension or forbearance is a sufficient consideration to constitute a holder for value. *King vs. Bowling Green Trust Company*, 145 App. Div. 398, 402; *Maurice vs. Fowler*, 78 Misc. Rep. 357; *Martin L. Hall Company vs. Todd*, 139 N. Y. Supp. 111.

The desirability of uniformity in the laws of various States with reference to negotiable instruments is so obvious, the legislative intent to harmonize our theretofore conflicting decisions, with those of other jurisdiction, is, to my mind, so clearly expressed, that full effect should be given thereto.

In the case at bar the plaintiff was

a holder of the note for value and the equities that might have existed between the maker and payee were not available to the maker as a defense against the endorsee. Neg. Inst. Law, §96. Failure of consideration is not one of the defenses specified in section 94 of the Negotiable Instruments Law which throws upon the plaintiff the burden of establishing his *bona fide* position.

Forgery

NEGLIGENCE OF DEPOSITOR—FAILURE TO EXAMINE PASS-BOOK AND VOUCHERS.

Court of Appeals of New York, April 22, 1913.

MORGAN ET AL. VS. UNITED STATES MORTGAGE & TRUST COMPANY.

While it is the general rule that a bank may charge to its depositor only such sums as he has authorized, and that a forged check is not an authority for such payment, yet the bank, in such a case, will not be held liable, if it can show that the depositor has been guilty of negligence which contributed to the loss, and that the bank itself has been free from negligence.

A depositor is chargeable with such notice as a proper examination of the returned checks would disclose; and it is no excuse to the depositor that the clerk who made the examination was the one who committed the fraud.

The trustees of an estate had in their employ a trusted clerk who was their immediate agent in dealing with the bank. This clerk committed certain forgeries which a comparison between the vouchers and the pass book and check list would have disclosed; but the trustees relied for verification merely on a comparison of vouchers without any effort to verify these by comparison with the pass book or check list: *Held*, that they had failed to exercise reasonable care.

PRIOR to May 18, 1904, J. Hewitt Morgan and Rudolph H. Kissel, as trustees under the will of David P. Morgan, deceased, opened an account with the United States Mortgage & Trust Company. Checks drawn on this account were signed by means of a rubber stamp imprinting the words, "Estate of David P. Morgan," and authenticated by the actual signature of either trustee. The trustees had in their employ a trusted clerk who was their immediate agent in dealing with

the bank. He made deposits, filled out the body of checks, and obtained from the bank the pass-book and vouchers and check list whenever the account was balanced. Between May 18, 1904, and May 20, 1905, he forged twenty-eight checks aggregating a large sum and employing in his forgeries the simulated signature of the trustee Morgan. These checks were paid by the bank and together with the genuine ones drawn during the same period were charged to the appellants on the books of the bank. Five times during the period the former's pass-book was written up and balanced and on each occasion the checks paid by the bank since the last balancing, together with an itemized statement or list thereof, and the pass-book were returned to appellants by delivery to their agent Hennessey. The latter withdrew from the bundle of vouchers and destroyed the checks forged by him and also the check list and then, after delaying as long as convenient, delivered the pass-book and the genuine vouchers to Kissel, who understood that the rules of respondent required that the pass-book should be balanced every month or two months, and that, after balancing, it was returned with the paid checks as vouchers and with a detailed list thereof.

The estate, through Hennessey as its bookkeeper, kept a journal and ledger containing an account with the bank and from which there were drawn off once or twice during the period in question trial balances. It also had a regular check book upon the stubs of which were entered the genuine checks presented to and paid by the bank. Kissel, who seems to have been the more active trustee, never asked for the check list which he knew was returned by the bank when the pass-book was balanced up and never examined the balances shown by the pass-book and which were struck after payment of the forged checks. He contented himself during the period in question with comparing the genuine vouchers permitted by Hennessey to come into his hands with the check book and with the other

books of the estate, and which comparison, of course, disclosed, no signs of Hennessey's forgeries. The other trustee, in whatever examinations he made, never examined the pass-book or the check list. On opening their account the trustees had arranged for the payment of interest thereon at a considerable rate, and the amount of this interest, as credited on the pass-book, indicated much smaller balances than appeared on the books of the estate or than would have appeared on the pass-book except for payment of the forged checks.

Hiscock, *J.* (Omitting part of the opinion): The general rule of law is that a bank may pay and charge to its depositor only such sums as are duly authorized by the latter, and of course a forged check is not authority for such payment.

It is, however, permitted to a bank to escape liability for repayment of amounts paid out on forged checks by establishing that the depositor has been guilty of negligence which contributed to such payments and that it has been free from any negligence. That is the nature of the defense urged in this case.

I shall not consider in detail the evidence by which it is to be decided the appellants' claim that the bank itself was negligent. Several reasons are assigned why the question of its negligence at least should have been submitted to the jury. These assignments of negligence involve a consideration of the particular facts disclosed in this case rather than a controversy concerning any principles of law, and I shall, therefore, content myself with simply stating that, after an examination of all of the evidence, we do not think that there was any which would have justified the jury in deciding that the respondent was negligent in paying the forged checks which are in dispute. It conceded its liability on the checks which were paid by it before and at the date when the pass-book was first balanced and returned to the appellants, and the jury determined on a special submission of that particular question that the time which elapsed between the

return of this pass-book and the payment of the next check thereafter was of sufficient length to give the appellants a reasonable opportunity for an examination and ascertainment of the condition of the account which disclosed the payment of the forged checks.

There then remains the single question already outlined, and which will be discussed, whether the appellants were guilty of negligence, after the lapse of a reasonable time, in not examining their pass-book and list of vouchers and ascertaining what they were being charged with and thus discovering the existence of the forged checks. It will be remembered that on five occasions when their account was written up all they did was to compare the genuine vouchers, which their dishonest clerk permitted to reach their hands, with their check book and ledger, and that they did not ask for the check list which itemized all paid checks, both genuine and forged, or examine the pass-book which showed balances after deducting forged checks.

It is well established that appellants owed the duty of making some examination and verification of their account with the bank when the pass-book and vouchers were returned. This is conceded by them, but they insist that this duty was fully discharged by comparing with the check book the genuine vouchers which Hennessey allowed to reach them. The record before us, however, discloses how incomplete and ineffective this examination was even as against the primitive methods which Hennessey employed to prevent detection of his wrongdoing by suppression and destruction of the forged vouchers and check list. On the other hand, if they had examined the check list and pass-book, and if necessary compared them with their own books, they would have discovered at once the payment and debit to their account of checks which they had not drawn and the forgeries would have been uncovered. There is no question about that, of course. The only question is whether a jury would have been per-

mitted to say that they were free from negligence when they closed their eyes or turned them away from these certain means of detection of their own agent's wrongdoing which were furnished to them for that very purpose by the bank.

I do not think it would have been permitted to so determine. Negligence in this case means the neglect to do those things dictated by ordinary business customs and prudence and fair dealing toward the bank, which if done would have prevented the wrongdoing which resulted from their omission. We may take notice of the custom practically universal amongst banks at frequent intervals to write up and balance the pass-books of their customers and return them with paid checks or other instruments as vouchers for the payments made and charged to the depositor. The appellants were business men and fully understood this. They apparently knew the rule of the bank requiring accounts to be written up every month or two, and they knew that there were returned with the pass-book not only the vouchers but an itemized list thereof as debited to the account. When they submitted their pass-book to be thus written up, they in effect called for a statement of their account as kept by the bank; and, when this was furnished to them, is it to be thought that they satisfied the requirements of common prudence and fairness to the bank by absolutely disregarding the pass-book and check list,

which could not be easily falsified, and simply comparing a bundle of vouchers which might be much more easily manipulated by ready abstraction of vouchers?

The pass-book is the statement of the bank's version of the account and the fundamental basis for comparison with the depositor's own records. The paid checks which are returned are the vouchers of the bank for its account as written on the pass-book, and, if they are to be made the medium of comparison of accounts, the depositor at least ought to endeavor to know that they tally with the pass-book. Otherwise he has made no reliable comparison or verification. Therefore it seems to me that, when the appellants relied for verification merely on a comparison of vouchers without any effort to verify these by comparison with the check list or pass-book, they did not exercise reasonable methods. On the other hand, it seems to me that when, having obtained from the bank a list of vouchers and balanced pass-book which were intended to give and did give them a correct basis for comparison and verification, they disregarded these, they were guilty of such obvious oblivion of their duties that no extended argument can make plainer their negligence than does the mere recital of the facts. The authorities which have been called to our attention do not establish anything in opposition to these views, but the later ones tend to sustain them.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Certification—Effect of—Payment by Certified Check

PHILADELPHIA, PA., Oct. 21, 1913.

Editor Bankers Magazine:

SIR: A buys goods of B, and gives him a check on a firm of private bankers, certified by them. B knows that A is good, but knows nothing about the bankers. Now, if the check should not be paid, would A still be liable to B?

MERCHANT.

Answer: The Negotiable Instruments Law provides that "where the holder of a check procures it to be accepted or certified, the drawer and all indorsers are discharged from liability thereon." (Pa. Act. Sec. 188.) But it will be observed that this rule is limited to cases where the *holder* has had the check certified. Where the check is certified when delivered, it does not con-

stitute payment any more than an uncertified check, and if it is presented promptly and dishonored, the drawer may be sued either upon the check or for the price of the goods sold to him.

Reorganization—Change from National Bank to State Bank — New York Statute

NEW YORK, Oct. 10, 1913.

Editor Bankers Magazine:

SIR: I see the statement in the newspapers that if the Glass Currency Bill should be passed by the Senate in its present form, many of the national banks will surrender their charters and become State banks. Please inform me what steps will be necessary in such a case, and also whether the bank would have to have the consent of the Comptroller of the Currency.

STOCKHOLDER.

Answer: The National Bank Act provides that "any association may go into liquidation and be closed by the vote of its shareholders owning two-thirds of its stock (Rev. Stat. U. S. Sec. 52220). The right of the stockholders to liquidate is absolute, and no consent of any Government officer is required. The only power vested in the Comptroller in such cases is to appoint a receiver if the bank is insolvent. In New York, the provisions of the National Bank Act are supplemented by the State Statute. The Banking Law provides:

National bank may become State Bank.

Whenever any banking corporation organized and doing business under the laws of the United States shall, under the provisions of any act of Congress, be authorized to dissolve its organization as such national bank corporation, and shall have taken the action required to effect such dissolution, a majority of the directors of such dissolved corporation may, upon the authority in writing of the owners of two-thirds of its capital stock, execute the certificate of incorporation required by section sixty of this chapter.

Upon the execution and proof or acknowledgment of such certificate, which shall also set forth the authority in writing of the

stockholders as required by this section, and upon filing a copy thereof in the office of the Superintendent of Banks, with proof that the original is duly recorded in the office of the clerk of the county where any office of such corporation shall be located, such corporation shall be held and regarded as an incorporated bank under and in pursuance of the laws of this State and shall be entitled to all of the privileges and be subject to all of the liabilities of banks so incorporated; and thereupon all the property of the dissolved national bank corporation shall immediately by act of law and without any conveyance or transfer be vested in and become the property of such State bank. The directors of the dissolved corporation at the time of such dissolution, shall be the directors of the bank created in pursuance hereof, until the first annual election of directors thereafter, and shall have power to take all necessary measures to perfect its organization, and to adopt such regulations concerning its business and management as may be proper and just and not inconsistent with law.

Accommodation Note of Corporation—Liability of Indorser

NEW YORK, Oct. 30, 1913.

Editor Bankers Magazine:

SIR: A corporation known as A. & B. Company made its promissory note for \$5,000, which is afterwards indorsed by A, the president of the concern, and discounted. The note was given to help C, the brother of B, and this fact was known to the bank when the note was discounted. The point is now made that the note is not good because a corporation cannot make an accommodation note. Is this correct? CASHIER.

Answer: The rule is well established that the officers of a corporation have no power to bind it as maker or indorser of accommodation paper, and that a person taking such paper with knowledge of its character cannot enforce the same against the corporation. The note referred to by our correspondent is, therefore, void as to the maker. But as the contract of the indorser is a separate contract, and not dependent upon the validity of the note, the same may be enforced against A. (First Nat. Bank vs. Jones, 156 App. Div. 277.)

Income Tax on Coupons

VERY interesting problems are presented to banks and trust companies by the new income tax law. In a recent issue of the New York "Journal of Commerce and Commercial Bulletin" some of these problems are discussed by Stuart H. Patterson, expert of the trust companies' special committee, who says:

The law provides the tax on bond interest shall be collected at the source, but as anyone who has read the act is aware the law fails to define the source, so that without specific instructions any one of ten or fifteen banks through which the coupons pass might feel that in each instance they would be held responsible for the collection of the tax and consequently, in order to protect themselves, each might hold out the tax. Under the Treasury regulations the source is clearly defined, and for all interest on the obligations of domestic corporations the debtor corporation (issuing company) or its paying agent (if designated pursuant to the regulations), is the source, except where the bondholder fails to identify the class to which he belongs, by attaching an ownership certificate to his coupons. In this latter case the first person, bank or trust company purchasing the coupons or receiving them for collection, becomes the source and attaches to the coupons the name of the person from whom the coupons were received, so that the Government will ultimately have a definite record of those from whom the tax has been withheld. The collecting bank also withholds the tax out of the proceeds of the coupons.

Where income is from foreign countries, in every case the first person, bank or trust company receiving the items, is the source.

The bondholders as mentioned in the regulations can be grouped into four classes:

1. Citizens of the United States or resident foreigners, who are exempt from taxation because their net income is less than \$3,000 or \$4,000, according to status of single or married.

2. Citizens of the United States or resident foreigners, whose net income is in excess of \$3,000 or \$4,000, but who are allowed exemptions up to a point of \$3,000 or \$4,000, according to status.

3. Corporations, joint stock companies, associations, etc., as fully described in paragraph G of the income tax law. With respect to such organizations the law provides the tax shall not be withheld at the source irrespective of whether or not the income is taxable.

4. Non-resident foreigners.

It will be seen from the above that to carry out the provisions of the law, of holding out the tax only on a certain class of interest, it becomes necessary to identify the coupons with the owner of the bonds and ascertain the class to which the owner belongs, which can only be done when coupons are presented for payment, because when once paid coupons lose their identity.

Many debtor corporations are also interested in this classification for the reason that a very large percentage of the mortgages of corporations contain a provision to pay the interest to the bondholder without any deduction for Federal tax, although the Government is not interested in this feature one way or another.

In order that the debtor corporations can keep this covenant and at the same time assume the tax only where an individual's income is taxable, it is necessary for the debtor corporations to know the class to which bondholders belong and to what extent they claim exemptions, as otherwise the corporations might be required to pay a tax to the Government on their entire interest, which would be unjust and might lead to prolonged litigation. Under these conditions the corporations clearly have the right before assuming the payment of the tax of individuals, to obtain from them some evidence that they are liable to taxation, and these ownership certificates can be accepted for this purpose.

INVESTMENTS

Conducted by Franklin Escher

The Psychology of the Investor

BY HUGO MUNSTERBERG, HARVARD UNIVERSITY.

One man puts his money into four per cent. first mortgage bonds. Another just as shrewd in matters outside investment, falls for every get-rich-quick scheme that comes along. It's a matter of psychology, as explained in the following article by one of the greatest authorities in the country, and which we are able to publish by special arrangement with E. H. Rollins & Sons.—Ed.

THE psychologist who tries to disentangle the interplay of human motives finds hardly a problem for his art to solve when he approaches the conscientious investor. His case is simple. His work has brought him savings, and his savings are to work for him. In the complicated market, with its chaotic offerings, he knows what he has to do. He seeks the advice of the expert, and under this guidance, he buys that which combines great safety with a fair income. The intellectual and emotional processes which here take control of the will and of the decision are perfectly clear, and the mental analysis offers not the least difficulty. The fundamental instincts of man on the background of modern economic conditions *must* lead to such rational and recommendable behavior.

A psychological problem appears only when such a course of wisdom is abandoned, and either the savings are hidden away instead of being made productive, or are thrown away in wildcat schemes. Yet of these two extremes the first again is easily understood. A hysteric fear of possible loss, an unreasonable distrust of banks and bankers, keeps the overcautious away from the market. But while such a state of mind is said to be frequent in countries in which the economic life is disorderly, enterprising Americans seldom suffer from this ailment, and even the theoretical doctrine that it is sinful to have

capital working seems not to have affected practically those who have the capital at their disposal. The specific American case is the opposite one, and with regard to those reckless investors it seems indeed less clear what psychological conditions lie at the bottom of their rashness.

ARE AMERICANS NATURALLY GAMBLERS?

Foreign visitors have often noticed with surprise that the American public, in spite of its cleverness and its practical trend and its commercial instinct, is more ready to throw its money into speculative abysses than the people of other lands. What is the reason? Those observers from abroad are usually satisfied with the answer that the Americans are gamblers, or that they have an indomitable desire for capturing money without working. But the students of comparative sociology cannot forget the fact that many national institutions and customs of other lands suggest that the blame might with much more justice be directed against the other party. America prohibits lotteries, while lotteries are flourishing on the European continent. The Austrians, Italians and Spaniards are slaves to lotteries, and even in sober Germany the State carries on a big lottery enterprise. President Eliot once said, in a speech about the moral progress of mankind, that a hundred years ago a

MEGARGEL & Co.

BANKERS

Dealers in High Grade Railroad Bonds

35 PINE STREET

NEW YORK

public lottery was allowed in Boston for the purpose of getting the funds for erecting a new Harvard dormitory, and he added that such a procedure would be unthinkable in New England in our more enlightened days. Yet in the most civilized European countries, whenever a cathedral is to be built, or an exhibition to be supported, the State gladly sanctions big lottery schemes to secure the financial means. The European governments argue that a certain amount of gambling instinct is ingrained in human character, and that it is wiser to create a kind of official outlet by which it is held within narrow limits and by which the results yielded are used for the public good. This may be a right or a wrong policy, but in any case it shows that the desire for gambling is no less marked on the other side of the ocean.

PLAYING WITH DANGERS.

One tendency stands quite near to gambling, and yet is characteristically different, the delight in running risks, the joy of playing with dangers. Some nations, in which the gambling instinct is strong, are yet afraid of high risks, and the pleasure in seeking dangerous situations may prevail without any longing for the rewards of the gambler. It seems doubtful whether this adventurous longing for unusual risks belongs to the Anglo-Saxon mind. At least those vocations which most often involve such a mental trend are much more favored here by the Irish element of the country. It is claimed that they,

for instance, are prominent among the railroad men, and that the excessive number of accidents in the railroad service results from just this reckless disposition of the Irishmen. It tempts them to escape injury and death only by a hair. Where this desire to feel the nearness of danger yet in the hope of escaping it, meets the craving for the excitement of possible gain, a hazardous investment of one's savings must be expected.

THE TREMENDOUS POWER OF SUGGESTION.

Yet it would be very one-sided and misleading if this group of emotional features were alone made responsible for the lamentable recklessness in the market. We must first of all acknowledge the tremendous powers of suggestion which the whole American life and especially the stock market contains. The word "suggestion" has become rather colorless in popular language, but for the psychologist it has a very distinct meaning. Suggestion is always a proposition for action, which is forced on the mind in such a way that the impulse to opposite action becomes suppressed. Under ordinary circumstances, when a proposition is made to do a certain thing, the idea of the opposite action may arise. If some one tells the normal man to go and do this or that, he will at once think of the consequences, and in his mind, perhaps, the idea awakes of the dangerousness or of the foolishness, of the immorality or of the uselessness of such a deed,



The American National Bank

SAN DIEGO, CAL.

Capital	\$200,000.00
Surplus and Undivided Profits	178,000.00
Total Resources	2,309,000.00

J. W. SEFTON, Jr., Pres.

I. ISAAC IRWIN, Vice-Pres.
C. L. WILLIAMS, Cashier

L. J. RICE, Asst. Cashier
T. C. HAMMOND, Asst. Cashier

A new building, the best equipment, an able and experienced staff of officers and employees—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

and any one of those ideas would be a sufficient motive for ignoring the proposed line of behavior and for suppressing the desire to follow the poor advice. But often this normal appearance of the opposite ideas fails. If they arise at all, they are too faint or too powerless to offer resistance. The result is that the idea of action finds its way unhindered and breaks out into a deed which normally would have been checked. If this is the case, the psychologist says that the mind was in a state of increased suggestibility.

If we speak of suggestion in economic life, everybody at once thinks of the endless variety of suggestive advertisements. An announcement which merely gives information is, of course, no suggestion. But if, perhaps, such an announcement takes the form of an imperative, an element of suggestion creeps in. To be sure we are accustomed to this trivial pattern, and no one completely loses his power to resist, if the proposition to buy comes in the grammatical form of a command. If we had reached the highest degree of suggestibility, as in hypnotism, we could not read "Cook with gas" without at once putting a gas stove into our kitchen. Yet even such a mild suggestion has its influence, and tends slightly to weaken the arguments which would lead to an opposite action. The advertisements, however, which the brokers send to our house, and which are spread broadcast in the homes of the country to those who have no technical knowledge of stock buying are surely

not confined to such childlike and bland forms of suggestion. The whole grouping of figures, the distribution of black and white in the picture of the market situation, the glowing story of the probable successes with the bewildering hints of special privileges, must increase the suggestibility of the untrained mind and reinforce powerfully the suggestive energy of the proposition to buy. The whole technique of this procedure has nowhere been brought to such virtuosity as in our country.

THE INSTINCT OF IMITATION.

But the skill of the prospectus, with its sometimes half fraudulent features, would after all not gain such influence, if suggestion were not produced from another side as well, namely through the instinct of imitation. The habit of making risky investments is so extremely widespread that the individual buyer does not feel himself isolated, and, therefore, dependent upon his own judgments and deliberations. He feels himself as a member of a class, and the class easily becomes a crowd, even a mob, a mob in which the logic of any mob reigns, and that is the logic of doing unthinkingly what others do. It is well known that every member of a crowd stands intellectually and morally on a lower level than he would stand if left to his spontaneous impulses and his own reflections. The crowd may fall into a panic and rush blindly in any direction into which any one may have happened to start, and no one

J. K. RICE, Jr., & CO., BUY AND SELL

Singer Manufacturing Stock
Autosales Gum & Chocolate Stock
American Meter Stock
Atlantic Fruit & S. S. Stock
Bordens Milk. Com. & Pfd. Stock
Childs (Rest.) Com. & Pfd. Stock

Computing-Tabulating Recd. Stock
DuPont Powder, Com. & Pfd. Stock
International Nickel, Com. & Pfd. Stock
Lackawanna R. R. of N. J. Stock
Mohawk Valley Stock
National Lt., Ht. & Power, Com. & Pfd. Stock

Phones 7460 to 7466 Hanover **J. K. RICE, Jr., & CO.** 36 Wall Street, New York

thinks about it, or it may go into exaltation and exuberantly do what no one alone would dare to risk. This mass consciousness is also surely a form of increased suggestibility. The individual feels his own responsibility reduced because he relies instinctively on the judgment of his neighbors, and with this decreased responsibility the energy for resistance to dangerous propositions disappears. Men buy their stocks because others are doing it.

But finally, may we not call it suggestion, too, if the individual, even tremblingly, accepts the risks of perilous deals, because he feels obliged to grasp for an unusually high income in order to live up to the style of his set. Of course, every standard of living is relative. Everything depends upon the habits of those around us. If the community steadily screws up these habits, makes life ostentatious for those of moderate means as well as for the rich, hysterically emphasizes the material values, the will to be satisfied with the income of safe investments has to fight against tremendous odds. The truly strong mind will keep its power to resist, but the slightly weak mind will find the suggestion of the surrounding life more powerful than the fear of possible loss. If all the neighbors in the village have automobiles, the man who would enjoy a quiet book and a pleasant walk much more than a showy ride will yield and spend a thousand dollars for his motor car where a hundred dollars for books would have brought him far more intense satisfaction. In no country have fashion and ostentatiousness taken such strong possession of the masses, and the willingness to be satisfied with a moderate in-

come is, therefore, nowhere so little at home.

SUPERFICIAL THINKING.

Yet neither gambling and taking risks, nor suggestibility and imitation are the whole of the story. We must not forget the superficiality of thinking, the uncritical, loose and flabby use of the reasoning power which shows itself in so many spheres of American mass life. It is sufficient to see the triviality of argument and the cheapness of thought in those newspapers which seek and enjoy the widest circulation. It is difficult not to believe that fundamentally sins of education are to blame for it. The school may bring much to the children, but no mere information can be a substitute for a training in thorough thinking. Here lies the greatest defect of our average schools. The looseness of the spelling and figuring draws its consequences. Whoever becomes accustomed to inaccuracy in the elements remains inaccurate in his thinking his life long. If the American public loses a hundred million dollars a year by investments in worthless undertakings, surely not the smallest cause is the lack of concise reasoning. Wrong analogies control the thought of the masses. Any copper stock must be worth buying because the stock of Calumet-Hecla multiplied its value a hundredfold.

THE REAL THINKERS.

But the irony of the situation lies in the fact that, as experience shows, those who are the cleverest thinkers in their fields are in the realm of investments as easily trapped as the most superficial reasoners. It is well known that

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

college professors, school-teachers, and ministers figure prominently on the mailing list of unscrupulous brokers. and their hard-earned savings are especially often given for stocks which soon are not worth the paper on which they are printed. Sometimes, to be sure, this unpractical behavior of the idealists really results from an unreasonable indifference to commercial questions. The true scholar, whose life is tuned to the conviction that he has more important things to do in the world than to make money, readily falls into a mood of carelessness with regard to the money which he does chance to make. In this state of indifference he follows any advice, and may easily be misled. But it seems probable that the more frequent case is the opposite one. Just because the teacher or the pastor have small chance to save anything, they give their fullest thought to the question how to multiply their earnings, and their mistake springs rather from their ignorance of the actual conditions. They think that they can figure it out by mere logic and overlook the hard realities.

OVERCLEVERNESS.

They resemble another group of victims who can be found in the midst of commercial life, the overclever people who rely on especially artificial arguments. They feel sure that they see some points which no one else has discovered, and while they may have noticed some small reasonable points, they overlook important conditions which the simpler minded would have seen. They know everything better than their neighbors, and whatever their friends buy or sell, they at once have a brilliant argument to prove that the step was wrong. They generally forget that the listener must be suspicious of their wis-

dom, as they themselves have never earned the fruit of their apparent wisdom. They all, however, may find comfort in the well-known fact that hardly any great financier has died, not even a Harriman or a Morgan, without there being found in his possession large quantities of worthless stocks and bonds.

A FATAL TRAIT.

But the variety of intellectual types, the careless and the uncritical, the overclever and the illogical thinkers, could easily protect themselves against the dangers of the shortcomings in their mental mechanism, if their minds had not another trait, which, too, is more frequent in America than anywhere else in the world, the lack of respect for the expert. The average American is his own expert in every field. This is certainly not a reproach. It supplies American public life with an immense amount of energy and readiness to help. Above all, historically it was the necessary outcome of the political democracy. In striking contrast to the European bureaucracy, any citizen could, at any time, be called to be postmaster or mayor or governor or member of the cabinet. A true American would find his way, however complex the work before him. That was and is splendid. Yet the development of the recent decades has clearly shown that the danger of this mental attitude after all appears to the newer American generation alarmingly great in many fields. Civil service has steadily grown, the influence of the engineer and the expert in every technical and practical field has more and more taken control of American life, because the go-as-you-please methods of the amateur have shown increasingly their ineffectiveness. Education has slowly been removed from the

dilettantic, unprepared school boards. The reign of the expert in public life seems to have begun. But in private life such an attitude is still a part of the mental equipment of millions. They ignore the physician and cure themselves with patent medicines or mental healing; they ignore the banker and broker and make their investments in accordance with their own amateurish inspiration.

They pick up a few data, ask a few friends who are as little informed as themselves, but do not think of asking the only group of men who make a serious, persistent study of the market their lifework. They call this independence, and it cannot be denied that some features of our home and school education may have fostered this tendency not to submit to the judgment of those who know better. The children have grown up in schools in which the kindergarten method never stopped, in which they were permitted to select the studies which they liked and to learn just what pleased them; they were brought up in homes in which they were

begged and persuaded, but never forced to do the unwelcome; in short they have never learned to submit their will to authority. It cannot be surprising that they fancy that it is the right kind of mental setting to feel one's self the ultimate authority in every field, and this would be harmless indeed if the patent medicines would really cure as well as the prescriptions of the physician, and if the wildcat schemes would really yield the same safe income as those investments recommended by the reliable banker.

It is then, after all, no chance that this commercially clever American nation wastes more in anti-economic fancies than any other people on the globe. It is the outcome of psychological traits which are rooted in significant conditions of our educational and social life. Yet as soon as these conditions are recognized, and these reasons for waste are understood, it ought not to be difficult fundamentally to change all this and to make the savings of the nation everywhere really sources of national income.

Investment and Miscellaneous Securities

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 36 Wall St., New York.

	Bid.	Asked.		Bid.	Asked.
Adams Express	122	127	General Baking Co. Pfd.	55	60
American Bank Note Com.	44	46	Hercules Powder Co.	104	110
American Bank Note Pfd.	50	52	Hudson Companies Pfd.	15	22
American Brass	133	138	Hudson & Manhattan Com.	4	8
American Chiclet Com.	206	211	Hudson & Manhattan Pfd.	7	12
American Chiclet Pfd.	96	100	International Nickel Com.	114	116
American Dist. Tel. of N. J.	55	60	International Nickel Pfd.	103	105
American Express	117	120	International Silver Pfd.	117	125
Atlas Portland Cement Com.	35	50	Kings Co. E. L. & P.	117	119
Atlas Powder Co.	102	107	New Jersey Zinc	550	600
Autosales Gum & Chocolate	11	14	New York Railways	18	22
Babcock & Wilcox	98½	99½	Otis Elevator Com.	73	75
Borden's Condensed Milk Com.	115	117	Otis Elevator Pfd.	94	96
Borden's Condensed Milk Pfd.	105	106½	Pheps, Dodge & Co.	195	205
Bush Terminal	45	55	Pope Manufacturing Com.	6	9
Celluloid Company	129	134	Pope Manufacturing Pfd.	30	30
Childs Restaurant Co. Com.	133	138	Remington Typewriter Com.	34	39
Childs Restaurant Co. Pfd.	102½	105½	Remington Typewriter 1st Pfd.	99	102
Computing-Tabulating-Recording	34	37	Remington Typewriter 2d Pfd.	99	101
Connecticut Railway & Light Com.	65	70	Royal Baking Powder Com.	180	190
Del. Lack. & Western Coal	260	280	Royal Baking Powder Pfd.	102	103½
E. I. du Pont Powder Com.	124	126	Safety Car Heating & Lighting	110	111½
E. I. du Pont Powder Pfd.	87	90	Sen Sen Chiclet	110	113
Empire Steel & Iron Com.	13	13	Singer Manufacturing	296	300
Empire Steel & Iron Pfd.	28	34	Standard Coupler Com.	35	35
General Baking Co. Com.	12	17	Union Ferry	24	28
			U. S. Express	45	50
			Virginia Railway	15	19
			Wells Fargo Express	87	90
			Western Pacific	6½	7½

BANKING PUBLICITY

Conducted by T. D. MacGregor

Bank Advertising and Business Building

Interesting and Practical Discussions at the Recent A. I. B. Convention

AT the American Institute of Banking convention in Richmond, Va., last September there was some very practical discussion on bank advertising, directed by F. W. Ellsworth, Publicity Manager of the Guaranty Trust Company, New York, through whose kindness we are enabled to reproduce portions of the various addresses.

Mr. Ellsworth:

Bank advertising that is worth while must construct rather than acquire, and must strengthen rather than obtain, and it is that kind of bank advertising that we are to discuss to-day.

Now banks, in common with all other business institutions, are organized with the object of finding profitable employment for capital. Manifestly, if that capital is to earn a reasonable profit, the bank must secure customers, and in proportion as the bank obtains the proper clientele, in just that proportion will the capital show profit. Fundamentally, therefore, the very first problem that presents itself to the banker is the securing of new business. The means employed to this end are almost without number. Some of them have proved their worth, others their worthlessness. It is of distinct advantage to all of us to know which is which.

C. B. Hazlewood, assistant secretary Union Trust Company, Chicago, Ill.:

I will tell you what the actual results of our advertising, for savings accounts were last year, that is, from January 1, 1912, to January 1, 1913. In the first place, let me say that our method of checking results is a perfectly simple one and no doubt you have used it. It is to ask every new customer how he happened to come into our bank to open an account. If he says Jim Jones, one of our customers, sent him in, we mark his deposit slip "old customer"; if he says he saw our advertisement in the newspapers, we credit the account to "newspaper advertising." We credit accounts to other forms of advertising in the same way. If a man says he came in because we were very handy to him, we credit

his account to "location," and so on. We believe that the figures we obtain from this canvass are reasonably accurate, though we have no doubt that not every one who has seen our advertising, for instance, would mention it. In fact, the value of this checking of results of advertising is in the comparison of one medium with another, and if in the course of a year one medium shows a greater number of accounts than another, we conclude that it is better for our purpose per dollars expended. We opened during the year mentioned 6601 new accounts. Of these, 1287 were attributed to various forms of advertising, including the following: Pay envelopes, newspaper advertising, street car advertising, metal banks, bulletin boards, circular letters and window display.

Nineteen and one-half per cent., therefore, of all new customers coming in during 1912 were influenced to come to us by our advertising. The profit on the total balances created by these customers probably amounts to no more than twenty-five per cent. of our advertising appropriation, but we are satisfied, nevertheless, to continue our advertising. The reason why we are satisfied to continue is that we believe, in large part, the results of bank advertising are beneath the surface and cannot be accurately measured. On the other hand, we believe that the bank that will advertise consistently in a dignified fashion, that will keep its name before the people in a favorable light and that will advertise its desire to handle new business in a scientific and courteous way, is bound to make headway if it has the right management. The bank's advertising is a large factor in forming the public's judgment of what sort of a bank it is. We must never allow ourselves to think that we have the confidence of every one in the community and have accumulated all the business that it is possible to get. There is always some one to convince and whom it would be worth while to have as a customer. The bank that advertises will grow.

Le Roy A. Mershon, publicity manager United States Mortgage and Trust Company, New York:

Financial periodicals are for the exchange of the latest ideas and thought and the best ones are usually read with absorbing inter-

est by bank and trust company men. This makes them a valuable medium for advertising and they should be supported.

Frank M. Polliard, assistant cashier Exchange National Bank, Pittsburgh, Pa.:

The work of the new business department may be greatly assisted by proficient letter writing. With a capable man in the field getting people interested and an officer at the bank who is a clever letter writer, you have a combination that is bound to bring results. If your outside man is having difficulty in closing a proposition, a tactfully worded letter at the psychological moment over the signature of one of the officers "higher up" will doubtless swing the balance in your favor. Situations are constantly arising that need to be dealt with diplomatically by mail and the bank's field lieutenant must depend much upon the character of the support he receives from headquarters. He should also develop his own talent along this line, as he will find a multiplicity of reasons for writing letters. As his circle of acquaintances widens and business begins to develop, he will find his correspondence growing on his hands and much of his ultimate success will depend upon the way he handles it. Propositions must often be worked out by mail, misunderstandings

growing out of connections already established must be straightened out. He will, of course, never miss an opportunity to felicitate his friends upon any success they may achieve, and frequently he will be written to for credit or other information, all of which will require ability as a letter writer.

An intimate knowledge of two other departments of banking is also invaluable. It is necessary that one should have a knowledge of the various kinds of transit and collection arrangements which are continually being made between banks. In fact, one should possess a good general knowledge of transit or it will be impossible to know the difference between desirable or undesirable propositions, and as bankers are in business to make money and care only for profitable accounts, the new business man cannot afford to be instrumental in making connections that will prove unsatisfactory. For this one reason many of the men now on the road have been graduated from the transit departments of large city banks.

It is also necessary that something should be known about credits and about how to analyze a financial statement so as to be able to discriminate between good and bad business propositions which will doubtless frequently come up for decision. In fact, I do not believe an account should be solicited unless one first feels reasonably sure that it is sound financially.



Conserving the Advertising Appropriation

BY A. M. INGRAHAM.

AN Italian fruit vendor who was troubled by persons coming up to his stand and pinching his fruit, finally put up a crude sign, which said: "When you pinch-a-da fruit pinch-a-da coconut." When examining the items charged to advertising for banks, it often looks as though the management had a sign for the benefit of porch-climbers, yeggmen and other parasites, reading something like this: "When you pinch this bank pinch the advertising department."

It is not uncommon to find that a substantial amount of money has been spent in a desultory way on what the

banker calls "advertising." The fact is that scarcely one of the items of the entire list may be properly classed as advertising. It is either charity or a plain hold-up. If a borrower came in and asked to have the interest on his note cancelled, he would be promptly furnished with information that would settle his case. But when a solicitor appears with a fake advertising scheme, he is often given a respectful hearing and sometimes goes away with a fair share of the bank's profits in his pocket.

In order to understand where legitimate expense ends and charity begins,

As Lasting As The Sphinx—



but hardly as chary. In telling the truth, you'll find our method of conducting the banking business—especially with a view to helping people to save money and earn money on their savings. All our officers may—yes, will die sometime, but the bank will live. Meantime and all the time we pay four per cent annual interest, compounded twice each twelvemonth.

Commercial Bank & Trust Co. Capital \$100,000

W. J. ADAMS, President W. T. LATHEM, Vice Pres.
J. W. HUGHES, Jr., Cashier

Tower of Babel

Over 4000 years ago at the building of the Tower of BABEL the change was made from one language to a confusion of tongues.

Today fifty different-speaking nations of the world join in saving their money with the FARMERS DEPOSIT SAVINGS BANK—WHY NOT YOU?

All tongues know the language of saving.

We have depositors from all parts of Europe; from the sunny slopes of Italy to the bleak fields of Russia. People from the dykes of Holland; the desert sands of Arabia; Egypt, the land of the pyramids; Australia, the home of the kangaroo; Japan, the United States of the Orient; China, the newest Republic; all save their money with the

Farmers Deposit Savings Bank

Corner Fifth Ave. and Wood St.,
Pittsburgh, Pa.



Open Saturdays all day from 9 A. M. until 9 P. M.

"Banking by Mail" has made it possible to secure a safe and sure return of 4% interest for your money, no matter where you live.

Write for free book "Saving by Mail."

a considerable experience is required, but, in general terms, the line may be drawn between regular established publications, such as dailies and weeklies and monthlies, and spasmodic publications, such as programmes that have a limited circulation and a precarious existence.

One problem which bankers have constantly to dispose of is that of taking space on theatre curtains and in moving picture shows. While the theatre curtain may be a good advertising medium for cafes, restaurants and other places that are open late at night, experience has shown that such advertising is not profitable for a bank. Moreover, there is always the danger that the fact of the advertising may be interpreted to mean that the bank is somehow backing the theatre in a financial way. Such was the experience of one institution, and another closed its doors when the fact that it had made a loan to a theatre enterprise became known to the public.

A banker once asked me: "What would you think of the value of an advertisement in the leading barber shop of the city? The barber makes a practice of changing the advertisements in a frame every week and he has offered me a space right above a long mirror."

In giving my opinion concerning the scheme, I pointed out the fact that an advertisement in a barber shop would be seen only by a limited number of persons. In contrast to an advertisement in a barber shop, I mentioned the fact that an advertisement in a newspaper made it possible to appeal to thousands of people, and I expressed my opinion that the barber shop advertisement could not possibly pay.

The banker replied: "Your opinion meets my views entirely, especially as we have some forty customers who get out different sorts of advertising propositions and I have to deny them all. If they saw our advertisement in the barber shop, they would feel that I was unjust to them."

It is the plausibility of the proposition that catches the banker. There

are arguments for almost any medium that will circulate the name of the bank. To consider each one separately, as it is presented and decide in regard to it usually requires rare judgment and consumes a lot of time.

Many church and school programmes seem worthy and deserving of assistance. The banker feels that it is his duty to help. When, however, this is done, the charge should be made as an item of charity and not as advertising. The fact is that the combined experience of observing advertisers in hundreds of lines proves that promiscuous insertion of advertisements in this, that and everything is a total loss, with no compensating return in prestige, to say nothing of profit.

Space forbids me to even mention the numerous presentations of unworthy advertising propositions. I have merely mentioned the above instances in order to show the banker that he must be constantly alert and use the most careful scrutiny in connection with all matters presented to him by solicitors. In this way he can conserve the money set aside for advertising purposes and use it exclusively for productive methods of procuring new accounts and other business.



Multiplying Your Appeal

NO officer of a banking company hesitates to present the claims of his institution vigorously in personal conversation, says the Philadelphia "Record." He does not consider it beneath his dignity to acquaint even casual business associates with the reasons why they should become depositors or otherwise avail themselves of the services of the bank. But this method of getting new banking business is slow and laborious, for the best-known banker's circle of acquaintances is necessarily narrowly circumscribed.

Is it unconventional or undignified to present to several hundred thousand persons, through the daily newspapers,

the facts about the banking business that interest and win the business of the few? We think not. Progressive bankers think not. They are using the newspapers to tell the same story that used to be told personally—and they find it profitable to tell it in better form, with less effort, to ten thousand times as many people as could be reached under the old method. The

banks that are advertising in the daily newspapers are making far more rapid progress than those that depend on word-of-mouth solicitation of new patronage.

Every bank that does not advertise regularly in the newspapers will find it worth while to look into the subject thoroughly and consult the experience of the advertising banks.



How Banks Are Advertising

Note and Comment on Current Financial Publicity

"STANDING on the Corner" is the title of a savings booklet used by the First National Bank of Clarksville, Tenn., to interest possible savings depositors. There is a postscript to the letter accompanying the booklet calling attention to the local newspaper's use of the weekly "Talks on Thrift" sent out by the Savings Bank Section of the American Bankers Association. This is a good idea. The letter follows:

We are sending you a copy of a booklet which tells of the success of a boy who rose steadily in life from running a news stand to a position of great responsibility by "sticking to it."

We feel sure this will be interesting to you and possibly to the older folks, too—you might let them read it when you have done so.

We are sending you this booklet because the future of this community is so closely linked with your success that we want to see you travel one of the paths that leads to a successful goal—the Thrift Path.

The way to travel the Thrift Path is by saving—the best way to save is through a savings account and a savings account may be opened with one dollar or more.

Will you take this overture to indicate the welcome that awaits your savings account here, and the assurance that the First National is not too big a bank, and its officers are not too busy men, to answer any question you want to ask about the banking business. Very truly yours,

C. W. BAILEY, Cashier.

P. S.—Do you read the "Thrift Talks" which are published in the daily and weekly Leaf Chronicle every Wednesday?

Mr. Frank L. Underwood, cashier of the Hamilton Trust and Savings Bank, Chattanooga, Tenn., sends us a copy of a souvenir booklet issued by his bank at the time of the recent forty-seventh national encampment of the Grand Army of the Republic in that city. The cover is adorned by a view of Lookout Mountain and in appropriate places through the booklet are views of historic interest around Chattanooga and views of the city and the bank. Altogether, it is an unusually interesting publication and one which reflects considerable credit upon the institution that got it out. •

With a recent number of its monthly house organ, the First National Bank of Joliet, Ill., sent out this good savings department letter:

Dear Friend: Why don't you put *yourself* on the pay-roll? You pay the landlord, the grocer, the butcher, the coal man and the electric light company every month. *How much is there in it for you?* Who are you working for—the landlord, the coal man or *yourself*?

Next pay day why don't you bring your pay check down to the bank and get it cashed, and, first of all, put one dollar into a savings account. Then try keeping this up each pay day for a while, and if, later on, you get a little raise, try to *pay the amount of that raise to yourself*. Try to add it to your savings account.



A New Account Every 3 Minutes

THIS is the remarkable record of the Security Trust & Savings Bank—to the best of our knowledge the most remarkable record ever made by any bank in this section.

Think of the significance of this fact—2481 new accounts in one month—over 91 a day—19½ an hour—practically one every three minutes.

It is the strongest tribute ever paid to the superior efficiency of any bank.

The Security is the oldest and largest savings bank in the Southwest.

It has been under practically the same management for nearly a quarter of a century.

It makes no loans to any officer, director or employee.

It has total resources of over \$47,000,000.

Capital and Reserve, \$3,300,000.

These are a few of the factors that account for the marvelous growth of the Security.

4% Interest On Term Accounts 3% On Ordinary Savings Accounts

The "Security" maintains a Steamship Agency and will arrange for tickets and reservations for any country.

New Account Windows
25, 26, 27, 28 and 29

SECURITY TRUST & SAVINGS BANK
Savings—Commercial—Trust

Security Building,
Spring at Fifth.

Equitable Branch,
Spring at First



are such a prominent feature of the Los Angeles newspapers. Both of them are so well displayed and interesting in their "layout" and "copy" that they are sure to obtain a wide



A Spur to Ambition

OUR EXTRA 1%—PAID ON SAVINGS CERTIFICATES

The ambitious man desires his money to bring in just as much as it possibly can, consistent with absolute security.

The hard worker will carefully examine every plan suggested to him whereby better returns for his savings are obtainable.

All you who earnestly desire to improve your fortunes in a safe, conservative manner will

INVESTIGATE NOW!

Our special plan by which you can make an extra one per cent on your money. You will discover that

The Traders Bank Five Per Cent Savings Certificates

- are exempt from taxation—
- carry no element of speculative risk—
- are simply and easily acquired—
- give the utmost safety for your savings—

Try this financial arrangement and PROVE to your own complete satisfaction that it is RIGHT for you.

Those desiring special ordinary accounts subject to check and paying 3 per cent, or regular term accounts paying 4 per cent, will be readily accommodated.

Valuable carefully guarded in our safety deposit vaults.

Money loaned on improved real estate.

Make your start with the Traders Bank today. Deposits from \$100 up gladly received. We assure you always of courteous treatment, prompt attention and conservative management of your funds.

The Los Angeles Clearing House Examiner and the State Superintendent of Banks regularly examine the bank.

Branch at 23d and Main Bldg., complete in every detail.

TRADERS BANK

OF LOS ANGELES

114 W. FOURTH ST. BRANCH NONE 60-431
33d AND MAIN MAIN 4627

STRIKING CALIFORNIA BANK ADS.

The advantage of a savings account is that it earns you three per cent. interest night and day, and you can always get your money any time you want it.

Many thousands of people make regular monthly deposits of a dollar, or more in our savings department. They think it is a pretty good scheme. Why don't you try it?

Very truly yours,

We reproduce two more of the excellent savings bank advertisements which

reading. The space used in the originals was two columns by twelve inches and two columns by ten inches, respectively.

The "Sphinx" and "Tower of Babel" ads. are interesting, too, but we are not so sure of the value of these ancient monuments as a feature of a modern bank advertisement. On the whole, we think the "Tower of Babel" ad. is the

THE BANK THAT PAYS 4%

Are You In Business

We know of many instances where a small business, started by men of little means, but of integrity and ability, has, through wise banking connections, become strong and prosperous.

Let Us Help You

THE CHATTANOOGA SAVINGS BANK
JAMES BLDG. 8TH & BROAD STS.

JAMES BUILDING THE BANK THAT PAYS 4%

Experience is Valuable

The judgment and experience of the officers of this institution are backed by the combined judgment and experience of an able Board of Directors.

Our Patrons Get the Benefit.

THE CHATTANOOGA SAVINGS BANK

JAMES BUILDING THE BANK THAT PAYS 4%

An Expert Executor

There are many things this bank can do more promptly, with greater skill and with less expense than is usual with individuals acting in the same capacity.

Let Us Tell You About It

THE CHATTANOOGA SAVINGS BANK

HOW TO USE "2000 POINTS"

better because it ties up the "confusion of tongues" with the large number of different nationalities served by the bank.

A good advertising letter is the following of the Lincoln Trust Company, Boston:

Dear Sir: The Lincoln Trust Company is approaching the end of its fourth year, having opened its doors for business October 18, 1909, the centennial year of Lincoln's birth.

It has been the purpose of the management not only to make the institution a financial success, but also to conduct its affairs in a manner reflecting credit upon the great name which it bears. As a valued customer you have contributed to establish the reputation for sound banking and conservative methods for which we have been striving.

A bank, like an individual, is known by the company it keeps. We pride ourselves upon the standing and character of our cus-

tomers, and value their support and suggestions. We are constantly looking for new accounts, and are willing to extend to all depositors such accommodation as conditions warrant. It is our earnest desire to add one hundred new accounts within the next thirty days, and we are taking the liberty of asking that you suggest on the enclosed card the names of one or more persons or firms who might be interested in establishing business relations with us.

Very truly yours,

C. G. BANCROFT, President.

Mr. T. R. Durham, assistant cashier of the Chattanooga Savings Bank, Chattanooga, Tenn., writes in regard to the little ads. reproduced:

I am very much pleased with your book, "Two Thousand Points for Financial Advertising." I am enclosing herewith three ads. which we have run, using extracts from that book supplied with a head and tail.

Turn About

Banker—Allow me to call your attention, sir, to the fact that your account is £100 overdrawn?

Customer—Indeed! That means that I have £100 of yours, doesn't it?

Banker—Yes.

Customer—Well, look here; last week you had £150 of mine, and I didn't say anything about it.—The Teller.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and other changes.

F. R. Adams, Will Co. National Bank, Joliet, Ill.
 A. F. Bader, Pub. Mgr., City National Bank, Evansville, Ind.
 C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
 The Bankers Magazine, New York
 H. C. Berger, Marathon County Bank, Wausau, Wis.
 B. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.
 W. O. Booser, treasurer, American Trust Co., Jacksonville, Fla.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
 E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
 C. W. Beerbower, National Exchange Bank, Roanoke, Va.
 H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
 Commercial Bank, Midway, Kentucky.
 B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.
 Commercial Trust & Savings Bank, Prescott, Ariz.
 H. Reed Copp, Asst. Adv. Mgr., Old Colony Trust Co., Boston, Mass.
 Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.
 H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
 Dexter Horton National Bank, Seattle, Wash.
 J. T. Donnellan, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.
 T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
 W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
 J. C. Eherspracher, assistant cashier, First National Bank, Shelbyville, Ill.
 A. A. Ekirch, secretary, North Side Savings Bank, New York City.
 F. W. Ellsworth, Publicity Manager, Guaranty Trust Co., New York.
 The Franklin Society, 38 Park Row, New York.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 First National Bank, Lead, S. D.
 Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.
 A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Jas. P. Gardner, Hanover National Bank, New York City.
 Germantown Ave. Bank, Philadelphia, Pa.
 C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
 B. P. Gooden, adv. mgr., New Netherland Bank, New York.
 C. F. Hamsher, First National Bank, Los Gatos, Cal.
 Victor F. Hann, Mgr. Publicity Dept., The Fifth Avenue Bank, New York City.
 J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.

E. A. Hatton, cashier, First National Bank, Del Rio, Texas.
 F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.
 John R. Hill, Barnett National Bank, Jacksonville, Fla.
 J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.
 Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
 W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.
 Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.
 W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.
 Henry M. Lester, National City Bank, New Rochelle, N. Y.
 L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
 R. H. Mann, The Bridgeport Trust Co., Bridgeport, Conn.
 H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.
 Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
 Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
 Nebraska State Bank, Ord, Neb.
 J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
 R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.
 A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
 Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.
 C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
 George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 Almot Schlenker, assistant cashier, First National Bank, Brenham, Tex.
 Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.
 T. H. Storer, cashier, The Peoples National Bank, Waynesboro, Pa.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 Union Trust Co. of the D. C., Washington, D. C.
 Wersels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.
 John W. Wadden, Lake County Bank, Madison, S. D.
 Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
 E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

NEW NAMES THIS MONTH
 A. C. Tonsmeire, Cashier, City Bank & Trust Co., Mobile, Ala.
 N. M. Hokanson, State Bank of Chicago, Chicago, Ill.

Chemical Bank's Ninetieth Anniversary



CLOCK ORIGINALLY
IN POSSESSION OF
CHEMICAL MANU-
FACTURING CO.

NO higher certificate of financial character could be given anyone than to say of him that he is as good as the Chemical Bank. The strength of this institution has long been one of the universally accepted axioms of banking. Of course, this information has in it no element of novelty, for what banker does not know all about it? Yet, when this solid institution sees fit to mark its ninetyeth anniversary by a well printed and bound book giving the "History of the Chemical Bank, 1823-1913," the propriety of bringing this well-known fact to the attention of the bankers of the country is evident.

For while the Chemical Bank would be the last to obtrude itself on the public as a banking preceptor, there is nevertheless a lesson to be deduced from its history.

The remarkable policy of always being consistently conservative has been maintained through the coöperation of the shareholders with the management, illustrating the desirability of having a bank wisely owned as well as wisely managed. From first to last those who have held the stock of the Chemical

Bank have adhered to the belief that the thing of paramount importance was not the amount of dividends that could be earned nor the sum that could be exacted from the commercial community; but that it was above all else desirable to maintain a thoroughly sound condition, and to deal with borrowers as persons entitled to fair treatment always.

By making safety the primary consideration and profit secondary, the actual outcome has been that this bank



MAIN ENTRANCE

has been one of the most profitable in the country.

EARLY HISTORY.

Banking charters were very difficult to obtain in the times when the Chem-

ical Bank was founded, and it was only by making banking a subsidiary part of its operations that a charter was procured February 24, 1823. On that date incorporation of the New York Chemical Manufacturing Com-

pany was obtained for a period of twenty-one years, the charter stipulating that the company "shall not engage in any banking business or trans-

action, excepting such as may be proper and necessary to carry into effect the declared objects of this act."

An office of deposit and discount was opened at 216 Broadway, August 2, 1824. The population of New York



THE LOBBY

ical Bank was founded, and it was only by making banking a subsidiary part of its operations that a charter was procured February 24, 1823. On that date incorporation of the New York Chemical Manufacturing Company was obtained for a period of twenty-one years, the charter stipulating that the company "shall not engage in any banking business or trans-

was then 124,000, and twelve other banks were in existence.

The first board of directors was as follows: Balthazar P. Melick, president; John C. Morrison, Mark Spencer, Gerardus Post, James Jenkins, William A. Seely (notary public), and William Stebbins, cashier of the bank and agent of the manufacturing company.

The salary of the cashier was \$1,500 a year, with the use of the upper room of the bank.

On April 1, 1824, the charter was amended, granting full banking powers, but with the stipulation that at least \$100,000 of the total capital of \$500,000 must be employed in the mak-

Although the bank was exceedingly prosperous, it did not begin the payment of dividends until 1849, allowing the profits to accumulate in the surplus fund, which then amounted to \$225,000. This policy of keeping up a large surplus has always been a marked feature of the Chemical's management. In



BANKING ROOM

ing of chemicals. It was not until 1832 that the chemical part of the business was dropped and attention devoted to banking alone.

The sure foundations of the bank were laid by John Mason, who though not an organizer of the bank, became a stockholder in 1826 and virtually controlled its destiny as a director and as president from 1831 until his death in 1839.

1906, with a capital of \$300,000, the surplus had grown to \$7,000,000, the value of the stock was \$1.325 a share, and the dividend rate 150 per cent.

When the charter expired in 1844, a new one was obtained, the capitalization being fixed at \$300,000 and shares \$100 each.

Isaac Jones became president of the bank October 1, 1839, and John Quentin Jones in 1844. While John Mason



CHAMBERS STREET SIDE OF BUILDING

had been called the father of the bank, John Quentin Jones was declared to be the bank itself.

In 1853 the New York Clearing-House Association was formed and the Chemical Bank became one of the original members.

Though in the crisis of 1837 the Chemical Bank had followed the general example of the other banks in suspending specie payments, its notes had always stood in high favor; and when the panic of 1857 swept over the country, the position of the Chemical Bank

was so strong that it refused to join in the general suspension and kept on paying out gold, as it did in the panic of 1873.

BECOMES A NATIONAL BANK.

On August 1, 1864, the bank came into the national system as the Chemical National Bank. It was the privilege of the bank to aid in sustaining the public credit through the trying period of the Civil War, and its patriotic attitude was reflected in a resolution offering leave of absence with full pay to

its employees who might be called into service in the field—an offer repeated in the Spanish-American War in 1898.

THE NEW BUILDING.

As early as 1850 the Chemical Bank removed to number 270 Broadway,

of any other—George G. Williams, the honored president from 1878 to 1908. His name, indeed, is one of the most distinguished in the country's entire banking history. Over a long period he continued to develop the institution over which he presided on the safe lines



THE VAULT

where it occupied a very modest building until in 1906 the present modern structure was begun and was occupied by the bank in the spring of the following year.

SOME RECENT OFFICERS.

To those familiar with the recent history of the Chemical Bank one name stands out more prominently than that

wisely established by his predecessors. It had been the motto of the bank from the first to "keep strong," and Mr. Williams never lost sight of that principle. He entered the bank as a clerk in 1842. He was elected cashier in 1855, a director in 1864, and president in 1878. In the troubled period of 1893 he was president of the New York Clearing-House Association, and in that

capacity appointed the famous loan committee upon whom devolved the duty of tiding the banks over that crisis.

Mr. Williams was a careful, conscientious and upright gentleman, and a banker of the highest ability. It was his special aim to impress upon all the officers and employees the importance of uniform courtesy—and that standard prevails in the bank to-day.

In January, 1899, Wm. H. Porter was made vice-president of the Chemical National Bank, having till that time been vice-president of the Chase National Bank. Upon the death of Mr. Williams in May 1903, Mr. Porter was elected his successor, continuing as president until December, 1910, when he resigned to become a partner of the firm of J. P. Morgan & Company.

Mr. Porter's successor was J. B. Martindale, the present head of the bank, who had entered its service as a junior clerk in May, 1878. He had been appointed assistant cashier December 24, 1902, vice-president in January, 1907, and on the resignation of Mr. Porter was elected president.

The present officers are: J. B. Martindale, president; H. K. Twitchell, vice-president; Francis Halpin, cashier; Jas. L. Parson and Edward H. Smith, assistant cashiers. The present directors are: Frederic W. Stevens, Augustus D. Juilliard, Henry P. Davison, Charles Cheney, W. Emlen Roosevelt, Robert Walton Goelet, William H. Porter, Jos. B. Martindale and Herbert K. Twitchell.

Mr. Twitchell, who had been assistant cashier in the Chase National Bank, was appointed to the same position in the Chemical Bank January 9, 1907, and appointed vice-president January 9, 1911. Mr. Halpin, who entered the bank in 1869, was appointed assistant cashier in 1890, and cashier, on the resignation of W. J. Quinlan, February 1, 1898. James L. Parson, whose connection with the bank dates back to 1874, was appointed assistant cashier February 16, 1898, and Mr. Smith, who came from the firm of Kountze Bros.

to the bank in May, 1883, was appointed assistant cashier January, 9, 1907.

Thus the present administration of the Chemical National Bank, trained under the former heads of the institution, has taken as its example in the conduct of the bank's affairs such men as John Mason, John Quentin Jones, George G. Williams, William H. Porter and others to whom the Chemical to-day owes its position in the world of finance.

AN IMPRESSIVE STORY OF BANKING GROWTH.

PRICE OF CHEMICAL BANK STOCK.

Year.		Year.	
1860.....	\$425	1890.....	\$4,785
1875.....	1,500	1895.....	4,900
1884.....	2,271	1901.....	4,155
1885.....	2,518	1906.....	4,325
1887.....	2,805	*1907.....	425
1888.....	4,007	1910.....	450
1889.....	4,500	1912.....	450

*Capital stock increased from \$300,000 to \$3,000,000 February 28, 1907, by dividend from surplus.

DIVIDENDS.

SURPLUS.

Per cent.

1849.....	12	1829.....	\$4,000
1855.....	18	1839.....	75,000
1856.....	24	1849.....	225,000
1866.....	36	1859.....	650,000
1870.....	40	1869.....	1,000,000
1871.....	60	1890.....	6,000,000
1873.....	100	1906.....	7,000,000
1888.....	150	1907**.....	5,000,000
1907**.....	15	1912.....	6,000,000

**\$2,000,000 from surplus fund and \$700,000 from undivided profits added to capital.

Founder of The American Bankers Association

TO James W. Howenstein is generally credited the initiative that led to the formation of the American Bankers Association.

Mr. Howenstein died in Philadelphia, September 18.

National Bank of Tacoma



CHESTER THORNE
CHAIRMAN OF THE BOARD NATIONAL BANK
OF TACOMA



RALPH S. STACY
PRESIDENT NATIONAL BANK OF
TACOMA

BY the consolidation of the Pacific National Bank and the National Bank of Commerce, Tacoma, Washington, as already announced in *THE BANKERS MAGAZINE*, that city gains a bank of commanding capitalization with an executive staff combining a large degree of successful banking experience.

The institution formed through the merger of the banks named, and which takes their place, is the National Bank of Tacoma, with a capital of one million dollars.

This important consolidation was brought about by the need of a bank of large resources, to meet the demands of the already heavy and growing commerce of the city and its tributary district. The new bank will have the combined strength of both its predecessors,

and will be far better equipped than either for efficient banking service.

It is rare that a banking consolidation is effected where such complete harmony prevailed as in this case. Arrangements were made not only to make up an official staff selected from the officers of the merged institutions, but to retain the tellers and bookkeepers so that those dealing with the new bank will be enabled to maintain their former personal relations with officials and employees.

SKETCH OF THE MERGED BANKS.

In 1885 the Pacific National Bank was organized and about ten years later absorbed the Citizens National, and in 1905 the Lumberman's National. Its large stockholders included W. M. Ladd of the Ladd & Tilton Bank. Port-



EUGENE T. WILSON
VICE-PRESIDENT NATIONAL BANK OF
TACOMA



STEPHEN APPLEBY
CASHIER NATIONAL BANK OF
TACOMA

land, members of the Weyerhaeuser Timber Company, heirs of the late Robert McCormick and others well known financially. At the time of the recent merger it was the oldest and largest bank in Tacoma.

The National Bank of Commerce was organized in 1887, and for twenty years prior to the merger with the Pacific National had been under the same management. Its deposits were a little less than those of the Pacific, but the volume of the daily transactions was somewhat larger.

THE NATIONAL BANK OF TACOMA'S OFFICERS AND POSITION.

When the National Bank of Commerce and the Pacific National Bank were merged into the National Bank of Tacoma, the new institution's officers were carefully chosen from the former banks, the selection decided on being as follows:

Chairman of the board of directors,

Chester Thorne, who was president of the National Bank of Commerce and the largest stockholder in that bank; president, Ralph S. Stacy, formerly president of the Pacific National; vice-presidents, W. M. Ladd of the Ladd & Tilton Bank, Portland; Geo. S. Long of the Weyerhaeuser Timber Company, and Eugene T. Wilson, formerly vice-president of the National Bank of Commerce; cashier, Stephen Appleby, who was cashier of the Pacific National; assistant cashiers, D. A. Young and R. R. Mattison, the former having been cashier of the National Bank of Commerce, and the latter assistant cashier of the Pacific National.

The directors are: A. F. Albertson, Stephen Appleby, John Bagley, Edward Cookingham, Fred S. Fogg, A. G. Hanson, E. M. Hayden, O. B. Hayden, George M. Hellar, W. G. Hellar, Charles H. Hyde, A. M. Ingersoll, W. M. Ladd, George S. Long, Leo H. Long, W. L. McCormick, S. A. Perkins,

Charles Richardson, John L. Roberts, Ralph B. Smith, Ralph S. Stacy, Chester Thorne and Eugene T. Wilson.

Those familiar with banking in the Pacific Northwest will readily recognize the acknowledged strength brought together in the official staff and board given above.

Already the National Bank of Tacoma ranks sixth in size among the banks of the State of Washington. Its position is more fully set forth in the accompanying statement of condition at the close of business September 28, 1913.

*Statement of Condition of the National
Bank of Tacoma at Close of Business
Sept. 23, 1913.*

RESOURCES.

Loans and discounts.....	\$4,891,012.37
United States bonds.....	700,000.00
Other bonds and warrants....	986,316.43
Real estate	427,893.29
Cash and exchange.....	3,447,701.59
Total	\$10,452,923.68

LIABILITIES.

Capital	\$1,000,000.00
Surplus and profits.....	189,829.80
Reserved for taxes.....	6,515.49
Deposits	8,767,478.39
Circulation	489,100.00
Total	\$10,452,923.68

As mergers of banks generally increase the rate of growth, it may be expected that these already large totals will be soon increased.

Tacoma is a banking and commercial point of vast importance, surrounded by a territory of enormous fertility and whose resources are in course of rapid and profitable development. As a railway distributing center and marine port, the trade of the city is very large and calls for adequate banking accommodation. This service the National Bank of Tacoma is amply fitted to afford.

In order to be in a position to furnish complete facilities for all kinds of legitimate banking, the shareholders of the bank have organized the Tacoma Savings Bank and Trust Company as an affiliated institution. Under the management of such well-known bankers, this will no doubt be the source of a large amount of new business.

For the present the National Bank of Tacoma is housed in the quarters heretofore occupied by the National Bank of Commerce, which have been enlarged and otherwise improved. In the near future it is planned to erect a new building, centrally located, and in all respects suited to the widened outlook of the bank.

Death of George M. LaMonte, Sr.

THERE died at Bound Brook, N. J., on October 19 George M. LaMonte, Sr., the senior partner in the firm of George LaMonte & Son, New York, and father of George M. LaMonte, Commissioner of Banking and Insurance of the State of New Jersey.

Mr. LaMonte was born seventy-nine years ago at Charlotteville, Schoharie county, N. Y., where his family, coming to this country from Scotland about 1750, had settled early in the last century. He was graduated from

Union College, Schenectady, in the class of 1857, and immediately after graduation went South to accept the principalship of the Academy at Winchester, Va. Here in the following year he married Miss Rebecca Kern, who, with two sons and two daughters, survives him.

At the close of the Civil War Mr. LaMonte came North and entered business in New York City. In 1871 he established the manufacturing of the "national safety paper" used for the pro-

tection of checks and similar financial documents and which soon came into general use in the banking world. Later Mr. La Monte secured other patents designed to prevent the raising of checks. He was for some time a member of the firm of Augustine Smith & Company, and when the affairs of this firm were wound up, Mr. La Monte organized the corporation of George La Monte & Son to succeed to its business.

For many years Mr. La Monte made

his home at Bound Brook, where he owned and operated a large and successful model farm. He was widely known for his interest in town affairs and in all projects for beautifying and improving the community.

Besides George M. La Monte, he is survived, as mentioned above, by his other son, Robert Rives La Monte, and by two daughters, Caroline M. La Monte and Mrs. May Thompson.

Liberal Policy Urged Upon Banks

A LIBERAL policy is thus commended to the bankers by the "Manufacturers Record" of Baltimore:

At the present time it is especially important that the bankers of the country, while having due regard to the interests of their stockholders and the safety of the money of their depositors, be as liberal as safety will permit in meeting the needs of their customers. A banker's first duty is to his depositors. They have put their money with him in trust, and this demands the utmost care in handling it. The next duty is to the stockholders, for they have furnished the money for the organization of the bank. The depositors and the stockholders necessarily are to be considered before the interests of borrowers. To a very large extent borrowers have an entirely mistaken idea as to this situation. Many of them seem to think that their requirements come first. If they have fair credit or good collateral they cannot see any reason why banks should not lend money to them. If, however, these borrowers were officers or directors of a bank, charged with a solemn responsibility of acting as trustees for their depositors and stockholders, they would then see the matter in a very different light. There is probably no banker in the country with any sense of personal

responsibility who has not passed many a sleepless hour at night when pondering over the dangers that confronted the banking situation in times of depression or panic.

Granting all these things as self-evident truths—for at least they should be self-evident to every intelligent man—it is nevertheless important for the good of the country at the present time that banks should as far as may be safe protect the interests of the borrowers. It is not a time for the calling of loans if it is possible with safety to continue loans. It is not a time to make any hard and fast rule to contract all lending operations, because if this be done many a concern will fail which might otherwise be carried over to the return of good times. This is a time for action on the part of bankers for just as much liberality as they can possibly show while safeguarding the interests for which they are trustees. While protecting their depositors and stockholders they must also realize that unless they can protect their borrowers they will lose much of their business. Many of the great business concerns of the country have grown from small things through the careful nursing of their bankers.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

The Bank of Toronto

ON October 27, 1854, a petition was presented to the Legislature of the Province of Canada, praying for the incorporation of "The Millers, Merchants and Farmers Bank of Canada West." This title was later changed to "The Millers Association of Canada West," and the powers sought included those of a flour, grain and produce agency, and the estab-

tion of directors, the following stockholders were elected as the first board of directors of the bank: J. G. Chewitt, Thomas Clarkson, James Crawford, John Brunskill, George Michie, H. J. Boulton, Jr., William Gamble. At a meeting of the new board J. G. Chewitt was unanimously elected president, William Gamble vice-president, and Angus Cameron cashier.



BANKING ROOM, LOOKING TOWARD MAIN ENTRANCE

lishment of an insurance association and a banking company. The bill did not pass the Legislature in the complex shape in which it was presented. The portion relating to a bank was taken out and organized into a bill for the establishment of a regular chartered bank with all the usual conditions. The new bank received its charter in 1855 and made its appearance in the financial world as The Bank of Toronto.

At the first meeting of shareholders, held on July 2, 1856, for receiving the report of the provisional committee and for the elec-

The bank opened for business Tuesday, July 8, 1856, with a paid-up capital of £27,435. By the time of the first annual meeting, held July 15, 1857, the capital had been increased to £85,436. At this meeting the foundation of the bank's present large reserve fund was laid, by the laying aside of its surplus profits (after paying a five per cent. dividend) amounting to £4,800 as a reserve fund.

The directors elected at this first annual meeting were: J. G. Chewitt, Thomas Clarkson, R. Armour, J. B. Warren, John Brunskill, George Michie and William



DUNCAN COULSON President.



W.G. GOODERHAM Vice Pres.



JOSEPH HENDERSON 2nd Vice Pres.



THOMAS F. HOW Genl. Mgr.

HEAD OFFICE AND OFFICERS OF THE BANK OF TORONTO

Cantley, and the two first named were unanimously elected president and vice-president, respectively, by the new board.

OTHER BANKS.

At the time the Bank of Toronto started on its long and prosperous career there were ten other chartered banks operating in the Province of Canada (which was composed of Ontario and Quebec, known respectively at that period as Canada West and Canada East.) Of these eleven banks only five are in existence today, these in

In the report of the following year the president stated: "The unparalleled commercial pressure that has prevailed during the past eight months has compelled the bank to restrict its business to as small an amount as was consistent with the interests of the stockholders;" and again in the next year the president reports: "The year has been one of continued depression in agricultural and commercial operations."

The reports of subsequent years are, however, more cheerful. The bank's resources were being steadily and fully employed, and



BANKING ROOM, EASTERN CORRIDOR

order of precedence being: Bank of Montreal, Quebec Bank, Bank of British North America, Molsons Bank, Bank of Toronto.

Confederation with the Maritime Provinces brought nine other banks into the Dominion, making The Bank of Toronto now sixth in order of seniority, but still remaining the oldest of the banks with head office in Ontario.

STORMY WEATHER.

The new bank was soon to encounter stormy financial weather. The revulsion of 1857 fell with terrible severity upon Ontario. The harvest was bad. Money became tight. There was no panic, but a steady bearing down that crushed men, and failures were numerous.

the capital increased until it amounted in 1863 to \$800,000, with a rest of \$100,000, showing that the bank had successfully passed the perilous stress of its early days.

Other banks did not fare so well. The Bank of Upper Canada, which had at one time a very high reputation and for many years held the Government account, had to close its doors, owing largely to bad management, with a loss of all its capital and serious losses to its depositors and note-holders. The Commercial Bank of Canada also went out of business, although in this case all of the loss fell on the shareholders.

EARLY OFFICERS.

As noted above, the bank's first president was Mr. J. G. Chewitt, who occupied this



ASSEMBLY ROOM

position until 1863. Mr. Chewitt was a shrewd and capable man, well esteemed in the community, cautious and courteous, and rendered most valuable service to the bank. During this period Mr. Angus Cameron retained the position of cashier of the bank, and upon the death of Mr. Chewitt was elected president. He was a thor-

oughly trained banker, a man of great natural ability, and it was his influence and that of Mr. Chewitt, and the policy they introduced that enabled the bank to survive the storm which broke over the country with such violence in the year following its inception.

tional capital was offered to the shareholders at five per cent. premium, although the rest and undivided profits at the time aggregated over fifty per cent. of the paid-up capital.

The following schedule shows the increases authorized and growth in capital stock up to the present time:

1863.....Paid up capital..... \$800,000

NEW ISSUES.

1870.....	\$200,000	at	5%	premium,	increasing capital to	\$1,000,000
1871.....	500,000	at	5%	premium,	increasing capital to	1,500,000
1874.....	500,000	at	5%	premium,	increasing capital to	2,000,000
1902.....	500,000	at	100%	premium,	increasing capital to	2,500,000
1903.....	500,000	at	100%	premium,	increasing capital to	3,000,000
1905.....	500,000	at	100%	premium,	increasing capital to	3,500,000
1906.....	500,000	at	100%	premium,	increasing capital to	4,000,000
1911.....	1,000,000	at	100%	premium,	increasing capital to	5,000,000

oughly trained banker, a man of great natural ability, and it was his influence and that of Mr. Chewitt, and the policy they introduced that enabled the bank to survive the storm which broke over the country with such violence in the year following its inception.

It was at this time that Mr. George Hague became cashier of the bank, succeeding Mr. Cameron in that capacity. Mr. Hague had been with the bank from the very first, having been engaged in March, 1856, to assist in the preparatory work before the bank opened. He was subsequently a branch manager, and in December, 1862, was appointed cashier, a position which he ably filled for the succeeding fourteen years.

INCREASE OF THE BANK'S CAPITAL AND REST ACCOUNT.

The capital of the bank remained at \$800,000 until 1870, when \$200,000 addi-

The total capital authorized is now \$10,000,000, the balance of which, \$5,000,000, may be allotted from time to time as the increasing needs of the business of the country make necessary.

The policy adopted at the first annual meeting of retaining a portion of the earnings for a rest account was steadily maintained. Almost every year something was added to the fund, until in 1872 the rest and contingent accounts amounted to \$750,000, with a paid-up capital of \$1,500,000. In 1882 the rest was \$1,000,000, being still fifty per cent. of the increased capital. The following decade made the rest \$1,700,000, and in 1901 the capital and rest were equal at \$2,000,000 each. As the market price of the stock continued at a high rate, subsequent issues of stock were made at the rate of \$200, bringing an equal amount to both rest and capital accounts, and since 1901 \$1,000,000 from surplus earnings and \$3,000,000 from premiums on new issues of



CENTRAL EXCHANGE FOR PNEUMATIC TUBES AND
TELEPHONES

stock have brought the rest account to \$6,000,000, or a million in excess of the paid-up capital of \$5,000,000, with \$176,578 of profits remaining undivided in profit and loss account.

GROWTH OF THE BANK'S BUSINESS.

The business of the bank was at the first necessarily confined to but few branch offices. Up to within twenty-five years ago the bank was represented in but eight cities and towns. The expansion of the business of Canada during recent years and the opening up of New Ontario and the Western Provinces have, however, given opportunities for branches at many points, and at present there are 115 branches of the bank in Ontario, Quebec and the West. Many of these branches are located in handsome and commodious buildings erected by the bank from time to time to meet the

growing need for accommodation; but the bank has avoided so far as possible erecting buildings larger than was necessary.

The deposits and loans of the bank have also increased with great rapidity during recent years, as shown in the subjoined table taken from the annual printed statements. These reflect most clearly the progress made by the Dominion and the manner in which the bank has met the increasing needs of the country for bank accommodation. The table shows that during the ten years, 1902 to 1912, the capital and reserved funds have increased 115 per cent., the deposits 175 per cent., the loans and investments 151 per cent., and assets 153 per cent.

PERSONNEL OF THE BANK.

A number of men of ability have contributed to the growth of the bank during the past. The names of many of these are found in the list of names which have appeared in the board of directors since the bank's commencement, given elsewhere. Among the more notable of these may be particularly mentioned Mr. William Gooderham and Mr. James G. Worts, who took an interest in the bank during its early struggles upward. Mr. Gooderham, who occupied the president's chair from 1864 to 1882, was a man of large business experience and with a remarkably good judgment of men and affairs. Mr. Worts, the business partner of Mr. Gooderham, vice-president of the bank from 1858 to 1882, and afterwards for a brief period president, was also possessed of singular ability and experience, and thoroughly in touch with the business affairs of the time. Their interests were continued by Mr. George Gooderham, who served as director or president up to 1904, and by Mr. W. G. Gooderham, now vice-president, and Lt. Col. A. E. Gooderham, all men of splendid ability and of unswerving loyalty to the bank's requirements.

Mr. William H. Beatty, who as director, vice-president and president for over thirty years, and until his recent death, gave the bank his valuable counsel on the board, spent much of his time studying the bank's affairs and examining into and advising as to its investments.

The present board, with the years of first election of each member, is on next page.

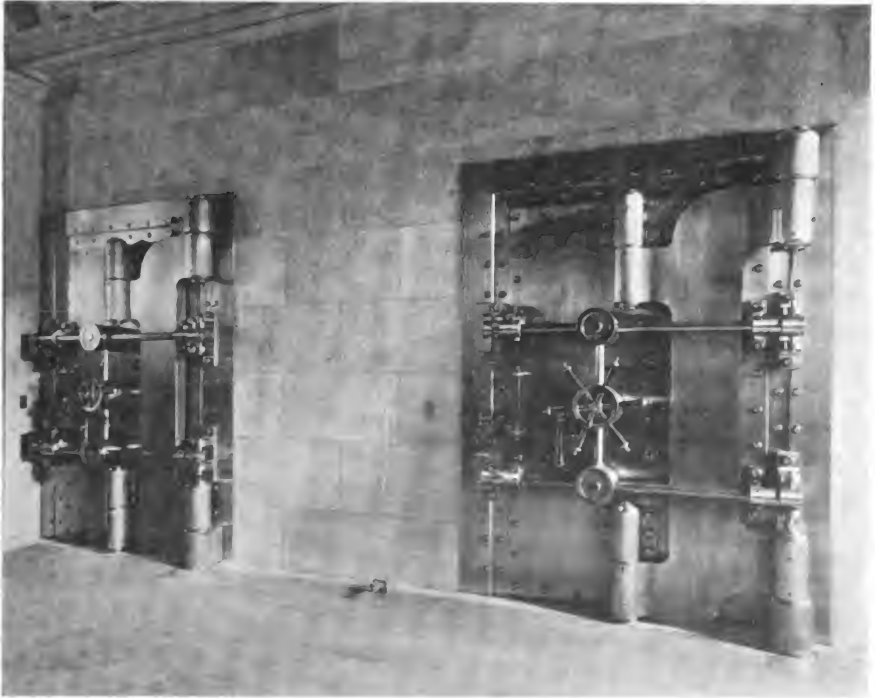
Mr. Duncan Coulson has been with the bank almost from its inception, at first as clerk and branch manager and since 1877

Capital, Reserved Funds, Deposits, Loans and Investments and Assets of The Bank of Toronto, 1857-1912.

Year.	Capital and Reserved Funds.	Deposits.	Loans and Investments.	Assets.
1857.	\$439,148	\$263,100	\$1,103,078	\$1,268,413
1862.	893,018	474,722	1,395,472	1,960,939
1872.	2,253,421	2,803,479	5,524,075	6,578,289
1882.	3,007,188	2,730,470	7,156,661	8,393,375
1892.	3,828,983	7,817,429	11,008,794	13,523,641
1902.	5,193,128	15,119,753	19,181,925	23,424,935
1911.	10,268,120	41,126,664	45,609,223	57,067,664
1912.	11,176,578	41,622,345	48,126,011	59,226,548

*Present Board of Directors.**Year Elected.*

Duncan Coulson, Toronto.....	1908, President since 1911
W. G. Gooderham, Toronto.....	1882, Vice-President since 1905
Joseph Henderson, Toronto.....	1911, 2nd Vice-President since 1911
Hon. C. S. Hyman, London.....	1902
William Stone, Toronto.....	1904
John Macdonald, Toronto.....	1904
Lt. Col. A. E. Gooderham, Toronto.....	1905
Nicholas Bawlf, Winnipeg.....	1905
Lt. Col. F. S. Meighen, Montreal.....	1911
J. L. Englehart, Toronto.....	1912
William I. Gear, Montreal.....	1913



VAULTS ON MAIN BANKING ROOM

as Cashier and later General Manager. His election to the board and to the presidency is in recognition of his valuable services in the past and of his thorough knowledge of financial matters, and of the bank's affairs.

Mr. Joseph Henderson is another who has been with the bank since entering as a young clerk and has successively given valuable service as manager, inspector and assistant general manager until in 1911 he was elected to the board and chosen as Second Vice-President that the bank might still retain the advantage of his intimate knowledge of the details of the business.

Mr. Thomas F. How is another officer who, entering as junior clerk, has for many years given faithful and valuable service as

branch manager, having held the responsible appointment of manager of the important office at Montreal, prior to being appointed in 1910 General Manager of the bank.

THE BANK PREMISES.

The premises in which the bank started business in Toronto were located on Church street opposite St. James Cathedral, but in a few years the increased business of the bank rendered additional accommodation necessary.

For this purpose purchase was made in 1862 of the land at the northwest corner of Church and Wellington streets, at that time considered one of the most central sites for business in the city. On this site

a handsome stone building was erected which has furnished accommodation for the business during the intervening fifty years. At the first only a portion of the ground floor of this building was required, but in later years not only the whole of the ground floor, with additions built to it in the rear but also the ground floor of the adjoining building and portions of the upper floors, were occupied by the bank's numerous staff.

About ten years ago it was seen that the

architect, of Toronto, associated with Carrere & Hastings of New York, were accepted. The material chosen for the exterior was a gray Tennessee marble which combined endurance with the fine qualities which permitted the splendid ornamentation which the building now shows.

The tendency of recent years for new erections on prominent business sites has been towards high buildings of the skyscraper pattern, with the main office on the



HEAD OFFICE CASH AND SECURITIES VAULT

time was approaching when the bank's business accommodation would be insufficient. It was also noted that the trend of the business centre westward made a change of location desirable. The property at the southwest corner of King and Bay streets was, therefore, secured, to which was subsequently added the club premises adjoining on Bay street, giving a property with King street frontage of 120 feet and Bay street frontage of 134 feet.

In due time the question of a new building forced itself upon the attention of the busy management of the bank. The monumental style of building, exclusively for the bank's use, was decided upon, and after careful examination and expert criticism, the plans submitted by Eustace G. Bird,

ground floor and many business offices in the upper stories. Although the results of this plan from a real estate point of view may, in some instances, have been fairly profitable, they rarely include a satisfactory main office, and the directors selected a design that provided a ground floor banking room of excellent proportions and qualities, and with abundant and satisfactory accommodation on the three upper floors for the head office staff, president's and general manager's rooms, board room, assembly room, visitors' room, library, safe deposit boxes, lunch rooms, and caretaker's apartments; and in the two basements for the stationery supply department, storage for valuables, storage for old books and vouchers, and for the complete equipment of ma-

chinery for heating, cleaning, ventilating, power and light.

Provision has been made for abundant vault accommodation in the ten vaults in the building, with provision for further expansion when required. The vaults allotted for the safe-keeping of cash, securities and safe-deposit boxes have been very heavily lined with steel, and the massive doors provided should give abundant protection against any assault made upon them. To this equipment have been added new steel cash safes of the best Canadian makes for the further protection of cash and securities.

The principal interior decorations and finish are in marble and bronze, while the rooms are furnished in fine quartered oak and French walnut. The principal interior marbles are the Italian Botticino, Verdello and Cenere, which give the soft, warm tint to the main banking room.

The equipment includes plunger and automatic elevators, electric book lift, pneumatic tubes, which, with telephone system, keep all departments in close touch with each other, fountains of filtered and sterilized drinking water, ventilation by means of water-washed and steam-heated air, and many other devices for the comfort and convenience of the staff and customers of the bank, and for the maintenance of the building.

The building as completed is artistic in design, thoroughly practical in plan and pleasing in its decorative sculpture. Standing as it does on one of the principal business corners of the city, the building is an ornament to Toronto and a credit to the bank itself. It should afford comfortable accommodations for the bank's business for many decades, and should also be very helpful in attracting business to this progressive institution.



LOOKING EAST ON KING STREET

The Splendid New Home of the Heard National Bank, Jacksonville, Florida



HEARD NATIONAL BANK, JACKSONVILLE, FLA.

MODERN bank and office architecture receives one of its best illustrations in the magnificent new fifteen-story building of the Heard National Bank, Jacksonville, Florida, recently completed and occupied by the institution named. It is a little out of the ordinary that a bank whose organization dates back less than two years should find itself so fittingly housed thus early in its existence.

The demand for a large modern office building facilitated the carrying out of the plan of constructing an appropriate home for the bank. A site was selected at Laura and Forsyth streets, in the business centre of Jacksonville, and construction was begun in October, 1911. Spanish renaissance is the prevailing type of architecture, the ground story being constructed of cream-colored Tavernelle marble, the superstructure is of marble and brick, the structural features being steel and reinforced concrete.

GENERAL CHARACTERISTICS OF THE STRUCTURE.

The entire interior—walls, floors, steps, etc.—is finished in Italian marble and mosaic tiling. Office floors are of concrete, covered with oak surfacing, while the corridors have white tiled floors, with white Italian marble wainscoting four feet high. Rooms are finished in quartered oak, natural wood finish. Plumbing, heating and airing for lights and fans are all of the very latest and best designs and construction, while electric elevators running day and night, and accommodating both passengers and freight, give easy access to all floors.

THE BANKING ROOMS.

From the imposing entrance, to the main banking-rooms and all through the separate departments, an air of solidity, taste and elegance pervades the new structure. In arrangement and furnishing the space provided both for the public and the officers and employees of the bank is ample, well



J. J. HEARD

PRESIDENT HEARD NATIONAL BANK, JACKSONVILLE, FLA.

arranged and equipped in a way that offers a maximum of comfort, attractiveness and convenience.

Vault and Safe Equipment.

Three large separate vaults on the main floor furnish ample room for the safe custody of money and securities, and in addition there is a capacious book vault, as well as a stationery vault, and directly underneath the main vaults are other vaults for storing packages, silverware, etc. There are 1420 safe-deposit boxes in the main vault.



C. W. HENDLEY

CASHIER HEARD NATIONAL BANK, JACKSONVILLE, FLA.

In point of safety and finishing the vault equipment is one of the strong features of the Heard National's new home.

THE HEARD NATIONAL BANK.

Although, as above stated, this bank is not yet two years old, having opened for business February 3, 1912, its success is not due to any phenomenal cause, but has resulted from the careful, energetic management of men having wide banking experience.

At the head of the bank is J. J. Heard, who has been actively engaged in banking in Florida for the last twelve years, being one of the organizers of the First National



MAIN LOBBY

Bank of Arcadia and the State Bank of Arcadia, both of which institutions he has served as president, and being also one of the incorporators of the American National Bank of Tampa. He is at the present time president of the Pioneer Bank of West Palm Beach. Though only forty-three years of age he has built up a solid reputation as one of the successful bankers of the South.

William B. Sadler, active vice-president, was one of the organizers of the First National Bank of Cartersville, Ga., and later was manager of the Elberton (Ga.) Loan and Savings Bank. He went to Florida in 1896 and was subsequently appointed assistant State Auditor, serving in this capacity



OFFICERS' SECTION

until 1909, when he was appointed State Bank Examiner, resigning this position in September, 1911, to become actively associated with the Heard National Bank.

J. Gordon Boyd, vice-president, has had a business training which began with boyhood. He was one of the organizers of the State Bank of Bartow, Fla., and was president of the Polk County National Bank of that place from 1905 to 1909, when he removed to Jacksonville. He is still vice-president of the Polk County National and was one of its organizers, and likewise assisted in organizing banks at Fort Meade and Winter Haven.

Clarence W. Hendley, cashier, was formerly with the Bradstreet Company at Richmond and Tampa, and later was superintendent of the company's Jacksonville office, resigning this position September 15, 1911, to enter the Heard National Bank.

Those active in the bank's management are men of wide and successful experience in general business as well as in banking.

The Heard National Bank has a large capital equipment, thus providing for adequately safeguarding its deposits and for efficiently serving the banking needs of those who deal with it. The capital is \$1,000,000 and the surplus, \$250,000.

Besides having all the advantages which a modern building can bestow, the bank divides its business broadly into commercial, savings, ladies' department, safe-deposit and storage, thus offering every facility within the line of banking service.



ACCOUNTING DEPARTMENT



MONEY AND BOOK VAULTS

First National Bank, White River Junction, Vermont



FIRST NATIONAL BANK, WHITE RIVER JUNCTION, VERMONT

EXTENSIVE alterations recently made in the building of the First National Bank of White River Junction, Vermont, give to this institution a home in keeping with the bank's past progress and its excellent outlook for future growth.

The improvements begin with the street entrance door of wrought iron with open grill work panels, frame work of like material, and surmounted by a semi-circular wrought iron transom window in grill work and of pure Colonial architecture. The entire entrance equipment is painted in bronze green, and the bronze signs outside the door are lighted from above by massive wrought-iron lanterns, each having sockets for three electric lamps.

The entrance door opens into a spacious vestibule, which has a mosaic tile floor with decorative border, and a marble wainscot. The walls above the wainscot, and the ceiling, are painted in French grey, and the whole made pleasing to the sight by harmony of shade and proportion. The doors opening off the vestibule into the banking room proper are bronze covered, and beautiful in construction and design.

Passing through the inner vestibule door,

the public room, or lobby, of the bank is entered. Here a ceramic mosaic tile floor in silver grey, with occasional blocks of contrasting color, has been laid, a wainscot of Botticino marble, with base of verde antique has been built, new public writing desks, each of a heavy plate glass, have been installed, and every convenience for the transaction of business established.

To the right of the public lobby is the cashier's room, and communication therewith is immediate and in every respect convenient. While the equipment of the rooms is extensive and complete, all has been made subservient to convenience of patrons and officials, and the expeditious transaction of business.

The cashier's room is flanked by a marble wainscot, and is set with plate glass windows on the South Main street side. Access to all other apartments of the bank is directed from the cashier's room.

The counter, or screen, with its various windows for the different departments, extends across the interior from the cashier's office to the main corridor, and is in direct view as the public lobby is entered.

The front is of Botticino marble with



VIEW OF MAIN BANKING ROOM

verde antique base, and the back of quarter-sawed oak finished in the natural wood, with carved oak panels for the several

wickets. The different windows, counting from left to right, comprehend those for the safe deposit and savings departments,



BANKING ROOM SHOWING ENTRANCE TO CASHIER'S OFFICE

receiving and paying tellers, of the national bank; and one for the Inter-State Trust Company. All the wickets are in solid bronze, the panels on either side being flanked by plate glass, while in the intermediate spaces are larger plate glass windows with decorative borders.

Extending from the east side of the public lobby is a corridor, running along the entire depth of the building. Entering this corridor, one sees to the right a beautiful yet massive bronze door entirely of lattice

the corridor from every department of the bank. From off the corridor is the spacious and commodious directors' room with its colonial design in finish and furnishings. This room has a massive open beam work ceiling of quarter-sawed oak, and all its furniture is of this wood. The present improvements of the banking room include a repainting of the walls of this apartment in a French grey—the predominant shade of all the painting and decorating in the bank.

An important feature of the recent work



DIRECTORS' ROOM

work. This door opens into the general working space of the bank. Just beyond and on the same side of the corridor are booths where patrons can examine their safe deposit papers and documents in seclusion, while other booths are equipped with telephones. Writing desks are placed at convenient points along the corridors for public use. At the further end of the corridor is a toilet room that has been given an entire new equipment, its floor being laid in tile, with a wainscot of ivory white tiling.

The floor of the passage for its entire length has been laid in tile, with a base on either side of verde antique, or Swanton marble.

Direct intercommunication is had with

is an entirely new installation of electric light fixtures. Those placed in the directors' room represent the latest and most artistic designs in work of this kind. The lighting of the public lobby, working space and corridor is semi-indirect in character—a system of great efficiency as well as of recent introduction. Twelve large fixtures of statuary bronze, each containing four lamps, are used for ceiling lights. They are circular in shape and bound with a wreath of raised flowers and ferns, with bases of alabaster glass, which conceals the lamps inside and furnishes an even and mellow light.

The new outside windows were placed on the South Main street side of the building and these afford much additional light.



THE VAULT

Ample light for the working force is supplied by a special reflector system on the inside of the screen, and by the usual individual desk lamps.

All the work incident to the changes made was done under one contract with the Bankers Building Bureau of New York city.

The Bankers Electric Protection System of protecting the vault by means of an electric door connecting with out-door alarm gong has been installed to guard against attacks upon the bank at night, while numerous push-buttons in various parts of the bank afford protection against daylight hold-ups.

ORGANIZATION AND PROGRESS OF THE BANK.

The bank was organized in 1886 by John L. Bacon, who had been cashier of the National Bank of Orange County, at Chelsea, Vt. In organizing the new bank Mr. Bacon had the active coöperation of a number of local business men. George W. Smith became the first president and George W. Gates the first vice-president.

It was perceived by those who founded the bank that the location was a favorable one, and their judgment has been fully verified. White River Junction is situated at

the confluence of the Connecticut and White rivers, has railroads converging from several directions, and has successful wholesale and jobbing houses in the grocery, paper, confectionery, drug, jewelry and other lines.

The bank has had a very satisfactory growth. Besides paying a fair dividend each year on its capital of \$100,000, the sum of \$35,000 has been accumulated as a surplus fund for the better protection of depositors. Deposits are about \$1,500,000.

At first the bank did a commercial business only, but in 1891 a savings department was opened, and it was successful from the start, the deposits in this department now exceeding \$1,000,000.

On April 22, 1912, the Inter-State Trust Company was incorporated under the laws of Vermont, its ownership and management being the same as that of the First National Bank, with which it is domiciled. The incorporation of this institution enables the bank to extend to its patrons the complete facilities of a modern trust company.

Directors and officers of the First National Bank are:

Directors—William A. Barron, treasurer Barron, Merrill & Barron Co. Crawford House, N. H.; Howard J. Miller, president Miller Automobile Co., dealer in wool,

furs and lumber, Evarts, Vt.; James W. Pattee, dealer in coal, wood and ice, Enfield, N. H.; William W. Russell, cashier; Robert E. Smith, of Smith & Son, wholesale confectioners, president Vermont Baking Co.; Leonard D. Wheeler, of Wheeler Bros. Co., clothing merchants, treasurer Ottaquechee Woolen Co.; Arthur G. Whitham, of Tarbell & Whitham, attorneys-at-law and insurance, South Royalton, Vt.

Officers—Robert E. Smith, president; James W. Pattee, vice-president; William W. Russell, cashier.

Directors of the Inter-State Trust Com-

pany are: Robert E. Smith, president; Leonard D. Wheeler, vice-president; Howard J. Miller, Arthur G. Whitham, and Wm. W. Russell, secretary and treasurer.

In connection with the important improvements in the bank's quarters referred to above, it is interesting to note that the bank commenced business in Smith & Sons' Block in 1886. In 1890 a new building was erected to which an addition was made in 1901. With the recent improvements the First National Bank and the Inter-State Trust Company are exceptionally well housed.

A Big Banking Trust

SPEAKING before the Union League Club of Chicago a short while ago George M. Reynolds, president of the Continental and Commercial National Bank of Chicago, had this to say of the Glass-Owen bill:

"If I were selfish I now would be advocating the passage of the currency bill written by the present administration. I can see where it would work out to increase my profits. The increase in our bank alone would amount to several hundred thousands of dollars annually.

"But I am opposed to it because it is not fair to the small bankers and such profits would have to come from them and from the general public ultimately. And what would that temporary advantage amount to? Any reform that is not just and fair necessarily will be re-reformed in a short space of time.

"With the enforcement of this proposed law providing for a sudden decentralization of the reserve money of the nation the whole system of credits and banking will be disordered. Where are you men going to make your loans? Do you think that the banks can keep rediscounting your paper with the Federal banks?

"And those men at Washington arraign us as a class. They would put us in the light of fighting against the

best interests of the people. No class of people has served the people so well and so cheaply as the bankers.

"The people have demanded no censorship of the banks. That originated in the minds of a few politicians in Washington. As a matter of fact, I have found that generally the people have shown little interest in the currency problem.

"Now, why is that lack of interest? It is because they have been served so well. You men have no trouble in credits and consequently you have given the currency question little thought. But the bankers themselves realize the need of a reformed system.

"This country has forty-one per cent. of the banking power of the world and yet we are the laughing stock of the world with our panics and financial crises. But in this plan of reform they are planning a \$10,000,000,000 trust in restraint of competition. It is a trust that would make the steel combine look like a pigmy.

"All I ask of you men is that you give this question attention. Whatever your opinion might be and whatever you might tell your representative at Washington, I would like to have it generally known that we, the bankers, are acting unselfishly and patriotically in this fight."

The J. G. White Companies

AN important development has taken place during the past year by the decision of the directors of J. G. White & Company, Incorporated, 43 Exchange place, New York, to sepa-

dress as the parent company. The result has been to widen the influence of these companies and increase the general efficiency of their operations.

J. G. White & Company, Incorpo-



J. G. WHITE

rate the three major departments of that company. Under separate incorporation and independent management, there has been organized The J. G. White Engineering Corporation and The J. G. White Management Corporation with offices at the same ad-

rated, continues, as formerly, a financing and owning company in the general field of engineering and public utility enterprise. For more than twenty years it has successfully carried out important developments in the United States, Canada, South and Cen-

tral America, Australia, Cuba, Porto Rico, the Philippine Islands, Holland, France, Italy and India, and has demonstrated the advantage resulting from close association between engineers and bankers in the successful completion of properties involving all classes of steam and electric railways, electric light and power plants, transmission and distributing systems, building construction, water power development, irrigation and drainage works, harbor works, water works and gas lighting and industrial plants. The new companies have acquired the good will, the business in hand, contracts, the organization and equipment of the engineering, construction and management departments respectively of the parent company.

The J. G. White Engineering Corporation is now engaged on most important valuation and appraisal work of steam railroad properties, electric railroad and other public utility companies now in operation. The members of the staff and its several departments are engaged on eight water power developments aggregating a total of 150,000 horse power. Its Construction Department is building eight sending and receiving stations for the Marconi Wireless Company in the Sandwich Islands, California and New Jersey. These stations are the most powerful ever constructed for wireless transmission, and are the first of a series of stations which will encircle the globe. In addition to this numerous contracts are being carried on in different parts of the world.

The J. G. White Management Corporation renders services of supervision and administration of public service and industrial corporations; also acting as operating manager or consulting operating manager, for all public utility properties. It is now operating properties in Manila, the Philippines, Nicaragua, and forty-eight properties in the United States.

The great success of these organizations is largely contributed to by the

coöperation and assistance of engineering specialists preëminent in their particular field and conversant with the latest and most improved engineering practice on both sides of the Atlantic. A corps of experts working together on a project brings into it the best of engineering design and material, while long familiarity with developments under varied geographical and climatic conditions renders them especially competent in determining the most suitable and economical type of construction.

While among the successes of the company that are of international interest is their work in the Philippine Islands, where they were pioneers of industrial development, a résumé of their achievements would include similar work in all parts of the world. Their relations with American and European bankers give them a position of international importance as financiers.

At the head of this great constructive organization with its world-wide ramifications is Mr. J. G. White, who was born in Pennsylvania about fifty years ago, and is the son of a Presbyterian minister. He was thoroughly educated at the Pennsylvania State College, at Lehigh and Cornell, winning his degree of Ph. D., and for a time was an instructor in physics at the University of Nebraska. Having made a fortunate real estate investment, he was enabled out of the profit to purchase an interest in the Western Engineering Company in 1887. When this company was bought out by the Edison United Manufacturing Company, Mr. White came to New York as head of the department of electrical railway installation. He met with such extraordinary success that in 1890 he decided to withdraw from the company named to establish the firm of J. G. White & Company, which with its allied organizations has now grown to be one of the greatest and most successful engineering companies of the world.

Important Hydro-Electric Plant

WHILE travelling through the Sierra Nevadas, Mr. A. G. Wishon was impressed with the source of the Tule River in California as a water-power site of wonderful possibilities, and in the latter part of 1902 he made the necessary filings and chose the location of a power house at a point at the base of the mountain where the Nelson Branch and the Main or Doyle Branch of the river named unite.

The selection of this site made it possible to drive tunnel lines through opposite sides of the mountain range separating the streams and to bring the water from each side to the top of the ridge, where the two tunnels would unite, and the combined heads dropped with enormous force through a pressure pipe into the generating machines below.

THE PRELIMINARY WORK.

Necessarily, in a work of this character, much preliminary work had to be done. Rights of way for roads, conduits and pole lines had to be secured, and in one case the only way to get across a ranch was to buy it. The company bought the ranch and immediately sold it for the price paid, retaining the right of way across the property. Since the construction of the power plant the value of the ranch has largely increased, owing chiefly to the development of new industries. Permits also had to be obtained from the United States Forest Service; and pending their issue roads were built up the main river to the Forks, now the place where the power house is located. The Doyle Ranch, which has a splendid apple-orchard, a famous soda spring and several million feet of pine timber, was purchased and a sawmill established for cutting the lumber necessary to tunnel construction, cement forms, camp houses, bridges, etc. It should be noted, in



EXCAVATION FOR THE PENSTOCK FROM THE TOP OF PIPE LINE HILL TO THE POWER-HOUSE SITE AT BASE OF THE MOUNTAIN



CONCRETE INTAKE DITCH LEADING TO UPPER
END OF TUNNEL NO. 1

passing, that with the completion of the power plant the Doyle Ranch passes to the ownership of a country club. It is admitted to be an ideal spot for such use. Situated at an elevation of 4,100 feet, with splendid scenery, and excellent hunting and fishing near by, it will undoubtedly become a popular resort.

One of the most serious problems encountered in the early stages of the work was the building of a good wagon road on grades that would permit of the transportation of supplies and of heavy machinery to be installed in the power house—single pieces of the machinery weighing about fifteen tons. About twenty miles of road were built at a cost of many thousands of dollars. The road construction—as well as the building of about eight miles of conduit, nearly all of which is tunnel through solid rock—was entrusted to Mr. D. L. Wishon, who also did practically all the surveying in connection with the road and the plant.

Not only was it necessary to construct wagon roads, as above stated, but railway building was also essential. Early in 1903, when the road work began, the nearest railroad point was Porterville—twenty-six miles distant from the power-house site. In 1912 a branch railroad was built from Porterville to Springville, reducing the wagon haul for heavy machinery and piping to eight miles, thus effecting a large saving in the total cost of construction. Pack trails, over which powder, tools, supplies and some machinery were carried on the backs of mules, were also built as a part of the preliminary work.

SLOW PROGRESS AT FIRST.

It was a difficult undertaking to transport supplies over long and dangerous trails in the primitive method which was the only one that could be employed. Notwithstanding the difficulties and even dangers encountered, the work was free from serious accident. One winter, however, a horse laden with two fat porkers lost its footing on the slippery trail and plunged several hundred feet below, being killed instantly. The pigs lighted on a snow-



PART OF THE EXECUTIVE FORCE HANDLING THE
WORK AT CAMP NO. 4.



MULES CARRYING DYNAMITE, PIPE AND STEEL

bank and were little the worse for their sudden fall.

After the necessary surveys to determine the physical conditions at various heads, a pressure of 1,550 feet was decided on as being the most practicable, the conduit lines were staked out and work was begun on driving nearly seven miles of tunnel through granite

and along almost inaccessible mountain sides.

The work of tunnel building began in a small way, as only two men can work in each tunnel head at one time. It was not until 1912 that machine drills were installed—the first work having been done by hand drilling—and since then work has gone on night and day,



HEADWORKS OF THE TULE RIVER PLANT, SHOWING AT THE LEFT HEADGATE CONTROLLING FLOW INTO THE DITCH, AND ON THE RIGHT THE OVERFLOW HEADGATE AND CONCRETE SPILLWAY

an average force of about 250 men being employed. In June, 1912, orders were given for rushing the work. Twelve of the twenty-six tunnels had been completed. The top of Pipe Line Hill was to be the center of activity in the work yet to be done. It was on the pinnacle of a ridge 1,550 feet above the river. To further the work it was necessary to build a road up the mountain side connecting with the main road on the opposite side of the river.

This road had to start at the river's edge and, to gain the height of 1,550 feet, find a way around the gullies and hills of the approach most advantageous for the climb up the steep mountain. To do this meant the building of two and one-half miles of road. And it was road building of the hardest type. A grade of ten per cent. with



LOOKING THROUGH TUNNEL NO. 11, WHICH IS 1900 FEET LONG, DRIVEN STRAIGHT THROUGH A MOUNTAIN OF SOLID GRANITE. THE WHITE SPOT IN THE CENTRE OF THE ARCH IS THE PORTAL AND REFLECTION AT THE OPPOSITE END



ON THE LEFT, MR. G. O. NEWMAN, CHIEF ENGINEER OF THE SAN JOAQUIN LIGHT AND POWER CORPORATION; ON THE RIGHT OF D. L. WISHON

one pitch of twelve and one-half per cent., was maintained. Two very graceful curves were engineered before the real work of climbing was begun. These curves have been named the Hairpin Turn and the Horseshoe Bend. In order to make the climb up the mountain, three switchbacks were built. The construction of this part of the road is unique. It affords a scenic effect that can be equaled in but few places in the country. The road itself as viewed from the opposite side is a remarkable sight. The character of the switchbacks has earned a name for each of them. The first one is called "The Turntable" because of the fact that the complete turn is made before the ascending road is again gained. The second turn is "The Figure Eight," the road crossing itself in such a manner.

The uppermost turn is "The O," the road making a complete circle and thus continuing on its way at the same point where the deflection began—a striking example of the road builder's art. This road up the mountain side has attracted widespread attention and some day, when the conditions for travel over it are more favorable, it will undoubtedly become one of the most popular scenic drives in the valley.

USE OF ELECTRICITY IN THE CONSTRUCTION WORK.

Work on the tunnels was greatly facilitated by the use of electricity, which was employed wherever possible. Motors were installed on the concrete mixers, rock crushers, in the blacksmith shop, etc., and electric lighting widely used.

With the introduction of the electric drill Tunnel 11 was completed. It was driven through 1,900 feet of solid granite and is as straight as engineering skill can make it. The tunneling crews



HOME-MADE TRACTION ENGINE FOR HAULING CEMENT AND CONCRETE THROUGH THE TUNNEL LINE



SITE OF THE POWER-HOUSE AND CAMP OF THE J. G. WHITE ENGINEERING CORPORATION

worked from each end and when the time came for them to meet it was found that the holes did not vary by an inch.

Compressed air drills were used in several of the tunnels, the compressor plant being driven by an electric motor.

SOME FEATURES OF THE WORK.

The feature of reservoir storage has been eliminated in the new plant, the water being run directly from the river to the forebay at the head of the pressure pipe line where a sufficient storage capacity has been provided for fluctuations of the load over short periods. The surplus water will be returned to the river over a spillway at the right of the pipe line. There will be no open ditch on the line and the loss of water and trouble from debris going through the tunnel will be reduced to a minimum.

The dimensions of all tunnel excavations, except Tunnels 25 and 26, were four by seven feet, so as to permit concreting and cementing. When finished

the interior measurement is three by six feet. The walls extend to a perpendicular height of four feet six inches, and are finished with a true arch, bringing the height of the tunnel to six feet.

The power-house floor will be about seventeen feet above mean low water. The building will be forty feet six inches in width, sixty-five feet four inches in length and thirty-three feet from floor to eaves. It will be constructed of steel and concrete. A large glazed area of the walls will afford ample light and ventilation.

The machinery installation will consist of two 3,000 k. v. a. 2,300-volt, sixty-cycle three-phase alternating current generators each direct connected to a 5,000 horse-power impulse or tangential water wheel, and will operate at 400 r. p. m. Each unit will be self contained with an overhurling direct connected exciter, each exciter being of sufficient capacity to excite both generating units.

The transformer equipment will consist of three 2,000 k. v. a. single phase water cooled transformers, rated at 2,300-69,000 volts, Y connected, with one similar unit in reserve. Due to the characteristics of the water in the Doyle Branch, it was necessary to arrange for cooling these machines by circulating the oil, the reverse of the usual procedure.

The electrical switching and control equipment will be similar in design to that already standardized by the company and will include 60,000 volt electrolytic lightning arrestors. One outgoing 60,000 volt circuit will be equipped at present, provision being made for a second circuit if it should become desirable to add this at a later date. The power-house equipment from penstock to tail race and outgoing circuits will be furnished by the Allis-Chalmers Manufacturing Company of Milwaukee.

The construction work of the Tule River plant was divided into two sections, the driving of the tunnel lines and the building of the pipe line and power house. The tunnel line is under

the supervision of Mr. D. L. Wishon. The other section of the work is in charge of the J. G. White Engineering Corporation, whose responsibilities begin at the point where the tunnel ends. The excavations for the penstock and the power-house site were made by them. A well-equipped camp, includ-



CONCRETE MIXER AND ROCK CRUSHER PLANT AT THE LOWER END OF TUNNEL NO. 12

ing permanent cottages of modern design which are to be occupied by the power-house operators when the plant is placed in operation, has been established at the forks of the river. Mr. Kermack has been in charge of the work at this point for the J. G. White Engineering Corporation, Mr. Hewins being the supervising engineer.

The power house will be tied in with the distribution system of the San Joaquin Light and Power Corporation at Strathmore, where a switching station has been installed on the east side of the 60,000 volt loop around the San Joaquin Valley.

Before the first of the year the Tule River plant will be aiding in the work of supplying electricity for the great system of the San Joaquin Light and Power Corporation. It is second to none in type of construction and is ex-

pected to operate with the very highest degree of efficiency. The satisfactory completion of the work is a source of great satisfaction, representing as it does, the realization of plans of its originators laid many years ago.

SAFE DEPOSIT

Vault Materials and Construction

THE present is unquestionably an era of bank building. Never before did the banks seem to realize as now the value of a good building as a practical form of productive advertising. They are putting up structures that for magnificence outdo every other form of architecture.

In all these new edifices the vault is one of the most important as well as one of the most costly features. And too often it is the one to which insufficient attention is paid. The banker who relies on the time-honored maxims of the past regarding vault construction, and fails to take note that the burglar's "art" has advanced, will not get adequate protection even with a large outlay of money.

A vault is the most lasting form of a bank's equipment. It ought to be built to outlast the assaults of fire, flood and earthquakes and to defy attacks from burglars or mobs.

To effect these ends—and a vault that does not do this is but a poor reliance—two things are essential: proper materials and a competent vault engineer. Each manufacturer of vault materials will proclaim the superiority of his own wares, and these claims must be tested and weighed before a decision is reached. The general architects may lack the expert knowledge that would enable them to do the vault work satisfactorily, and they may not even

know which vault engineers are the most capable. They may also, in the endeavor to keep down the total cost, minimize the importance of the vault work. Of course, the better bank architects, and more particularly those who specialize in this line, will do none of these things, and their advice may be relied on. But the possibility that the architect may unconsciously or intentionally err in this direction makes it incumbent upon the banker to use the utmost precautions in selecting an engineer who will see to it that the best materials and the best form of construction are employed. Even with this precaution, sure judgment is not always easy. The vault engineer's claims will have to be examined. One pretty good test is not merely to rely on what he says he can do, but to scrutinize the work he has actually done. If it be found that he has built many of the large vaults for the largest and most modern bank buildings, this will be in his favor. But the work itself should be carefully examined in all details.

Bank vaults are built to last, and are costly. They are held out to the public as offering a maximum of safety. These facts render their proper construction of immense importance, to say nothing of the direct losses that may be incurred by the banks and the public if they are not so constructed.

Laws Regulating Safe Deposit Companies

AN examination of the laws of the various States relating to safe-deposit companies discloses the fact that the special statutes governing these organizations are not numerous. Of course, there are many general laws to which they are subject. The functions of these companies are simple enough, yet often nice questions arise outside of the statutory provisions and which the courts are called on to decide. It is hoped later on to collate a number of these decisions in a form that will prove useful to the many banks and trust companies that are conducting a safe-deposit business.

Sources of New Business

MANY opportunities of obtaining business present themselves every day. Persons to whom bonds, stocks, insurance policies and deeds are being issued constitute an obvious class from whom safe-deposit patronage may be derived. If the reminder of the desirability of having such tokens of value adequately cared for could be delicately addressed to the prospective customer at the right time, his patronage might be secured in many cases. Often it may be practicable to make arrangements with the issuers of securities, policies, etc., to present this form of advertising unobtrusively.

Safes in a Conspicuous Place

WHILE it is the custom of city banks generally to have their safes and vaults either in the rear of the building or in the basement, there are many country banks that put their safes in the most conspicuous place in the bank.

By putting a safe in the front win-

dow a double purpose is served: The bank proclaims to all passers-by that it has a safe and it is also in a position where attacks made upon it are most liable to attract attention and are, therefore, most difficult.

These are advantages surely; but on the other hand, a safe standing before a window is not a particularly inviting object however strongly it may convey the idea of security.

Banks having the larger kinds of safes and vaults cannot very well resort to this form of advertising. Their equipment is too large to be displayed in the window.

In these days of electric lighting the vault department is by no means a gloomy place. With the installation of such profuse lighting systems, the basement may be made as cheerful in appearance as any part of the building above ground, and the safe-deposit vault inadequately lighted is now the exception.

A Central Safe Deposit

IN some of the smaller cities and towns the business to be done does not warrant each bank in installing the most expensive type of vault. In these cases, while the amount of cash or other things of value in the custody of any one bank is small, the amount held by all the banks is large. By pooling their interests, and erecting one vault of the most approved construction at the clearing-house, the banks could obtain a maximum of safety.

Of course, where a bank does a large business, or where there is a field for the rental of safe-deposit boxes in considerable numbers, the economy and wisdom of having the best type of vault constructed cannot be questioned.

But where this is not practicable for a single small bank it is always practicable for the banks acting unitedly.

The prestige which attaches to any bank through a dissemination of the knowledge that it has the very best obtainable kind of vault construction and

material goes far to offset the cost. On the other hand, a successful burglary made possible only through inadequate vault equipment goes far toward damaging a bank in public estimation.

Valuables on the Floor

BOX renters frequently drop papers or other valuables while examining them, and although these are usually found by employees and returned to their owners, they may lie on the floor for some time unseen and possibly in some cases be found and kept by someone not entitled to them.

In some modern safe-deposit establishments, the rooms for the use of customers are not only lighted from above, but are automatically illuminated from below with the opening of the doors, thus revealing sharply all parts of the floor, even the corners of the room. This not only results very frequently in finding valuable papers or articles that might remain undiscovered on the floor for some time, but is a comforting reassurance to patrons that every possible precaution is taken for safeguarding their valuables.

Remedy for Non-Payment of Rent

ONE of the troublesome problems confronting safe-deposit managers arises from the necessity of having to deal with delinquent safe and box renters. In New York the following remedy is prescribed by statute:

"If the amount due for the use of any safe or box in the vaults of any such corporation shall not have been paid for three years, it may, at the expiration thereof, cause to be sent to the person in whose name such safe or box stands on its books a notice in writing in a securely closed postpaid registered

letter, directed to such person at his post office address as recorded upon the books of the corporation, notifying such person that if the amount then due for the use of such safe or box is not paid within sixty days from the date of such notice, the corporation will then cause such safe or box to be opened in the presence of its president or secretary or treasurer, and of a notary public not an officer or in the employ of the corporation, and the contents thereof, if any, to be sealed up by such notary public in a package, upon which such notary public shall distinctly mark the name and address of the person in whose name such safe or box stands upon the books of the corporation, and the estimated value thereof; and the package so sealed and addressed, when marked for identification by such notary public, will be placed by such notary public in one of the general safes or boxes of the corporation.

"Upon the expiration of sixty days from the date of mailing such notice as aforesaid, and the failure of the person in whose name such safe or box stands on the books of the corporation to pay the amount due for the use thereof in full up to the date of such notice, the corporation may in the presence of a notary public and of its president or secretary or treasurer, cause such safe or box to be opened, and the contents thereof, if any, to be removed and sealed up by such notary public in a package, upon which such notary public shall distinctly mark the name of the person in whose name such safe or box and its estimated value stood on the books of the corporation and when such package has been marked for identification by such notary public, it shall, in the presence of the president or secretary or treasurer of the corporation, be placed by such notary public in one of the general safes or boxes of the corporation, and the proceedings of such notary public shall be fully set out by him in his own proper handwriting and under his official seal, in a book to be kept by the corporation for that purpose."

Investment Bankers Association of America

Second Annual Convention at Chicago

THE second annual convention of the Investment Bankers Association of America was held at Chicago, October 29-30, and was numerously attended by representatives of many of the leading investment banking houses of the country. George B. Caldwell, president of the association, and vice-president of the Continental and Commercial Trust and Savings Bank, Chicago, presided. In addition to hearing a number of interesting reports of officers and committees, as well as carefully-prepared addresses by several members, the convention was favored by speeches or papers from Mr. Vanderlip of New York, Mr. Reynolds of Chicago and Mr. Hill of St. Paul.

Secretary Frederick R. Fenton reported that since the first annual convention there had been one hundred and ten additions to the membership, and that the total net membership on October 15 was 387.

Treasurer C. T. Williams reported that up to and including October 15, the receipts, including membership dues and interest due on the account, aggregated \$34,128.09, which comprises \$10,647.00 carried over from last report, while the expenditures amounted to \$17,423.49, leaving in the hands of the treasurer \$16,804.60, which includes the \$100 fund deposited with the secretary in Chicago.

PRESIDENT CALDWELL'S ADDRESS.

Matters of interest to bankers generally were dealt with in President Caldwell's annual address. He referred to the large mortgage indebtedness which some of the leading railroads were arranging to meet their financial requirements, and closed his address as follows:

Finally, let me close by saying there seems to be looming up a problem new to

us all. That is, whether idealism will not at times like the present need realistic vision. It is a period of recasting of governmental attitude toward the makeup of the modern device called the corporation. There is said to be a demand on the part of the "little people" or majority of voters for emancipation from the misuse of corporate power. If the conception be no broader than this mere statement, the apparently inevitable outcome will be the crippling, not the beneficent repairing of the machine. For the past two years, the course of the security market simply reflects the disgust of capital because the administration of both Taft and Wilson



GEORGE B. CALDWELL

VICE-PRESIDENT CONTINENTAL AND COMMERCIAL TRUST AND SAVINGS BANK, CHICAGO,
ILL. RE-ELECTED PRESIDENT INVESTMENT BANKERS ASSOCIATION

seemed determined to irritate and regulate business. This agitation has gone so far that our government at Washington is almost certain to be on the bear side of the market. No one here believes Atchison common is selling at ninety because about one-half of its mileage is in a section where the corn crop is short. Like all other good stocks and bonds, it is down almost to panic prices, because of deeper causes, chiefly a lack of confidence, a belief on the part of the investor that what we shall get

meet annually face to face and discuss these questions with a view of lending aid to our country and its business and promote confidence by creating a healthy public sentiment.

A thoughtful address on "Investment vs. Commercial Banking" was made by Professor William A. Scott, Director of the Course in Commerce and Professor of Political Economy in the University of Wisconsin. He said in part:

So far as the danger of confusing commercial and investment banking is concerned, in many respects the worst of our banking practices still remains for discussion. I refer to the basis on which lines of credit for ordinary bank customers are established and administered. It is customary for a business man to arrange with his banker for such a line and too often in determining how much it shall be, the banker takes into consideration the man's total possessions, rather than the volume of commerce which he transacts. The line once determined, the customer expects that the bank will carry him for that amount and usually resents too close inquiry into the way in which he employs borrowed funds. Though the banker usually insists that his customer's paper shall be drawn for short periods of time, both expect that this paper will be renewed at maturity. Indeed both the customer and the banker are apt to regard the amount fixed in the line of credit as a part of the former's permanent working capital. The practice of demanding carefully drawn statements of a customer's business is fortunately growing, but it is still very far from common. The correct interpretation of these statements when they are drawn is even less common.

On account of this practice a banker rarely knows to what extent the paper in his portfolios represents commercial, and to what extent investment processes. Until the test of forced liquidation actually comes, he does not know how large a percentage of his resources are really liquid. Under these circumstances it is not surprising that the line between investment and commercial banking is frequently crossed, and that at frequent intervals, liquidation is forced throughout the country with the accompaniment of business depression and too often of commercial crisis. The fact that the paper of customers is drawn for thirty, sixty, ninety days, four or six months, enables the banker to force this liquidation process upon customers but this fact does not protect the country from the consequences of such liquidation. Sacrifice of property, fall in prices, commercial failures on a large scale, and a general readjustment of commercial and industrial relations, cannot thus be avoided.



A. B. LEACH

PRESIDENT A. B. LEACH AND COMPANY, NEW YORK. RE-ELECTED FIRST VICE-PRESIDENT INVESTMENT BANKERS ASSOCIATION

will be worse than what we have had, and that the corporations, especially the railroads, will not be given in the next three years a square deal. Such a conception ignores completely the interest owned today by the "thrifty," "the little people" of this nation in the host of small investors in stocks and bonds. Not the very few rich, but the great body of workers—"little people" savings bank depositors—will suffer most from reversion to uneconomical processes. I am one who believes we are not threatened with any cataclysm that demands the segregation of men or business, and that it is our duty as bankers and dealers in credit, so necessary to our commercial life and our national prosperity, to

In our efforts toward banking reform, these conditions should be kept constantly in mind. Genuine reform must bring about such conditions that a banker will know with practical certainty how large a proportion of his total deposits are savings and what commercial balances. He must be able to draw with accuracy the line between commercial and other forms of securities, and must know how much and what particular pieces of the paper in his possession belong to the one class and what to the other.

Frank A. Vanderlip, president of the National City Bank of New York, spoke on the currency bill now before the Senate. He thus criticised the proposed note issues:

The notes proposed are fiat notes. They have no reserve whatever provided by the Government, and they are to be lent without limit to a number of banks. There is no case in all history where a nation has started on an issue of fiat money that the result has not been a complete breakdown of the financial system of that country.

George M. Reynolds, president of the Continental and Commercial National Bank of Chicago, also objected to several features of the bill. He thought the results might be quite serious in case the bill if enacted should not be generally accepted by the banks, and said on this point:

Now, in the event this bill should be enacted and my prediction that sufficient banks to make it effective would not enter the system should come true, what would happen?

The penalty to the national banks would be the enforced liquidation of their business within one year. This would leave on the hands of the banks \$730,000,000 of two per cent. United States bonds worth intrinsically \$500,000,000, but what would be the effect on business?

In the liquidation of a national bank, one of the first things necessary is for the bank to deposit with the Treasurer of the United States lawful money to retire its circulating notes. On June 4, 1913, the lawful money in the 7,000 odd national banks in the country was \$917,000,000.

What would happen in the business world if those same 7,000 national banks were to attempt to deposit say \$730,000,000, or eighty per cent. of their entire lawful money, to retire their circulation, thus contracting the lawful money to the extent of three-quarters of a billion dollars?

Where under the sun could the banks go to secure that vast sum of money, and failing to secure it, what would become of

our organization of credit, and if that should fail, who in the whole country would be immune from its blighting effect?

ADDRESS OF JAMES J. HILL.

A notable feature of the convention was the address by James J. Hill of St. Paul. He made a most careful re-



FORMER GOVERNOR FRANK W. ROLLINS
OF E. H. ROLLINS & SONS, BOSTON, MASS. RE-
ELECTED SECOND VICE-PRESIDENT INVEST-
MENT BANKERS ASSOCIATION

view of the entire investment situation, and said in part:

Less than a year's subsistence stands between man and starvation. That is the measure of his accumulations. Six and a half bushels of wheat per capita is a low estimate for consumption and seed. The 97,000,000 people living, according to the census estimate, in the United States in 1913 would require 630,500,000 bushels to keep their stomachs and fields in condition for a year. That is a little less than the crop of 1911 and a little more than the crop of 1912. Subtract our total exports of domestic wheat and flour for the last three years from our total wheat production, and the average surplus retained for home con-

sumption is less than 600,000,000 bushels per annum.

What is true of our bread supply is more than true of most other necessities that we consume and produce. We could live for a few months only on our savings. Immense as seems the total of accumulated wealth, most of it is not available for consumption. Even the income from it must be transformed into things to eat and drink and wear, and tools to work with; into capi-



WILLIAM R. COMPTON

PRESIDENT WILLIAM R. COMPTON COMPANY, ST. LOUIS, MO. RE-ELECTED THIRD VICE PRESIDENT INVESTMENT BANKERS ASSOCIATION

tal for future production, without which not only the machinery of industry but the human machine itself would presently cease to operate, and a dead world remain the monument of defeat in that economic battle which man has waged with nature from the beginning.

A new situation confronts the country, as well as the dealers in investment securities and the men who must find new capital wherewith to satisfy legitimate business needs. Formerly three and one-half per cent. in some cases, and at most four, was regarded a satisfactory return on a gilt-edged bond. Today the best issues are much higher. Some first-class properties have paid six per cent. for short-time loans. This rise, computed on the face of the out-

standing securities of the country, represents a tremendous annual tax. It is reflected, of course, not only in the higher cost of living but in a decline of bond prices. This ranges, for high-grade paper, from four to fifteen points, and in particular cases more. Many financial experts look for a remedy only "through a decline of prices until the interest yield on the money invested in the old issues approximates the increase from the newer bonds, which pay a higher rate of interest." This, of course, is the natural way of working off a debauch, by the operation of natural laws. But it entails great hardship on millions of worthy investors, on savings banks, on those least deserving to suffer. And since, in the main, the situation was not created by observing economic law, but by its violation, it would seem not unreasonable to seek relief by curbing those qualities which have impaired credit, retarded investment and demoralized legitimate business by an over-issue of under-secured bonds, both corporate and public.

After all has been said, the main explanation of prevailing conditions in the bond market runs back to the old law of demand and supply. There has been too much spending and borrowing. The individual, the corporation, the municipality is no longer willing to pay as it goes. The future is mortgaged until the interest charge alone absorbs more current revenue than can be spared. This is the standing danger, the crowning abuse of credit, from which no age has been free. It has been the cause of every act of currency inflation, always aggravating the evil. Inflation by bond issues in excess is just as dangerous in practice, produces the same effects and leads to the same end. Correct this and the troubles of the market will be relieved; since credit always adjusts itself automatically to the public need when freed from artificial stimulation or compulsion. Let the present abuse of credit continue and an abyss of possible suffering and financial distress opens before us. This need not happen. It will not happen if the wiser counsel and the conservative view reassert themselves.

Edmund D. Fisher, Deputy Comptroller of New York city, spoke on "Municipal Financing." In closing his address he had the following to say regarding the prices of bonds:

During the last few years the most discouraging factor in municipal financing, or in any type of financing, has been the rather steady decline in the price of high grade bonds from causes entirely apart from considerations involving the credit of individual cities or individual corporations. This tendency has been caused by the increasing demand for new capital and its diminishing supply. It is expressed by high interest

rates, high commodity prices and lower security values. Fundamentally, it has been caused by a lessening volume of production and a waste of surplus capital. Relatively, prices also have been affected by the conversion of fixed forms of investment, through banking loans, into check currency, thus increasing the spending tendency, with its corresponding effect on prices. Correction of these difficulties in the United States will come in part from the passage of pending banking legislation. The reserve plan of the present National Bank Act, although it has developed the time and call money market for the investment banker, has also tended to bring frequent periods of restriction in his business. The investment banker is primarily interested in the continuity of good business, in the reasonable stability of prices and in giving satisfaction to his customers. Present practice brings him none of these desirable elements.

The Glass-Owen bill will not prevent the investment banker from borrowing money on securities during the time they are in his hands for placement with the ultimate investor, but will remove the tendency to stimulate prices through a phlethoric money market. Under the influence of the new credit and currency law, which gives fairer opportunities for the development of business enterprises throughout the country, there will come increased wealth and new opportunities for the investment banker. This will come through a broadening demand for investment securities, and municipal bonds will again take the place they once held in the investment market.

Delos A. Chappell of Los Angeles spoke on "The Financing and Development of Hydro-Electric Power." He said in part:

The time for high financing in public service corporations in California has passed. The time when reckless promoters can issue and sell bonds on hydro-electric projects or properties for three or four times the reasonable cost of development, has expired, and I am glad of it.

The public service commissions in several of the States have practically said that the rapacious methods above referred to must cease. The time has come when through their supervision of bond issues and rate regulation they are going to insist upon a more equitable division as between the consumer, the operator and the investor, and when the investing public is fully advised that you cannot, under public service regulation, issue bonds for more than seventy-five or eighty-five per cent. on actual cost of appraisal value, confidence will be restored and this class of securities will rank among the highest of industrials and will sell more in proportion to their intrinsic value. Investors must also be educated

to the difference between a construction and an operating proposition. If they desire and are willing to join in the former and assume the increased risk, they should share with the promoter by receiving a reasonable stock bonus, but when the securities offered are on a well seasoned property, with a record of years of conservative and



LOUIS B. FRANKLIN

VICE-PRESIDENT GUARANTY TRUST COMPANY,
NEW YORK. RE-ELECTED FOURTH VICE-PRESIDENT INVESTMENT BANKERS ASSOCIATION

profitable operations behind it, it is no longer speculative, but should be regarded more in the nature of an investment.

THE "BLUE-SKY" LAWS.

Commenting on the State laws regulating the sale of investment securities—a kind of legislation commonly referred to as "blue-sky" laws—Allen G. Hoyt, chairman of the committee on legislation, said:

The blue-sky law represents practically the first attempt in our country to subject private business to a supervisory control by



WARREN S. HAYDEN
OF HAYDEN, MILLER & COMPANY, CLEVELAND, O.
RE-ELECTED FIFTH VICE-PRESIDENT INVEST-
MENT BANKERS ASSOCIATION

the executive. We have little doubt but that on precedent and principle it is a violation of the constitutional guarantees of the individual, and should be so held, both in the Federal and State courts. The danger in the situation lies largely in the widespread criticism of judicial restrictions and the marked tendency of the courts to be more liberal in upholding legislative experiments curtailing in some degree individual rights. Contrary to the general impression, this tendency seems strongest in the Federal courts, which, in a sense, quite properly hesitate to interfere with State legislation based on local conditions. The State courts, on the other hand, have as a rule upheld the restrictions of their own constitutions against extreme legislation of this character.

RESOLUTIONS REGARDING RAILROAD RATES.

An address was presented by the association to the Inter-State Commerce Commission, in the form following:

To the Inter-State Commerce Commission:

The Investment Bankers' Association of America is an organization whose membership comprises most of the prominent dealers in investment securities doing business in this country. It represents, through its membership, a great army of investors holding hundreds of millions of dollars of railroad securities. The association is therefore intimately concerned with the prosperity of the railroads and the value of their securities.

For the past decade there has been a constant and large increase in the expenses of the railroads, especially in the items of cost of materials and the cost of labor. There has also been an ever increasing demand for better equipment and more complete installation of safety devices designed to protect the travelling public.

With these increased expenses has come little or no increase in the compensation received for the transportation of freight or passengers, and the surplus earnings of the roads are in few cases sufficient to provide



FREDERICK R. FENTON
OF DEVITT, TREMBLE & COMPANY, CHICAGO, ILL.
RE-ELECTED SECRETARY INVESTMENT
BANKERS ASSOCIATION

funds for making the improvements which have been demanded.

The supply of liquid capital throughout the world has been during the last few years decidedly limited and it has been increasingly difficult for the railroads to make sales of securities to provide additional funds. Holders of railroad securities at the present time are receiving only fair returns on the funds so invested, and yet a reduction in this return seems imminent, unless the railroads can in some way increase their earning capacity. In view of these facts, it seems to this association that an increase in rates should be approved by your commission, and we earnestly hope that this question will receive careful consideration from you from the standpoint of the investor as well as from the standpoint of the shipper.

NO CHANGE IN OFFICERS.

Secretary Fenton read the following report:

The committee appointed by the board of governors at the St. Louis meeting, May 16, to nominate the officers and eight governors for the ensuing year, beg to report that they have gone over the situation very carefully and talked with a great many members of the association in different parts of the country, and find a unanimous feeling to the effect that the present officers of the association should be continued in office for the coming year, especially in view of the most excellent work which has been done in the past year and that they are familiar with all the details of the important work now going on, but the committee wishes it to be understood that it does not wish to establish in any way any precedent by continuing the present officers for another year.

We beg to suggest for president, George B. Caldwell of Chicago; vice-presidents, A. B. Leach of New York, Frank W. Rollins of Boston, William R. Compton of St. Louis, Lewis B. Franklin of New York, Warren S. Hayden of Cleveland; secretary, Frederick R. Fenton of Chicago; treasurer, C. T. Williams of Baltimore. Board of governors: S. R. Fuller, of Kissel-Kinnicutt & Co., of New York, to succeed H. B. Clark; John E. Blunt, vice-president Merchants Loan and Trust Co., Chicago, to succeed Charles H. Schweppe; William West, of Henry & West, Philadelphia, to succeed himself; Barrett Wendell, of Lee, Higginson & Co., Boston, to succeed S. W. Webb; Chlalen R. Parker, of San Francisco, to succeed himself; Eugene M. Stevens, Min-

neapolis, to succeed himself; H. P. Wright, Kansas City, to succeed himself; Dean Jay, manager bond department First Savings and Trust Co., Milwaukee, to succeed Herbert Witherspoon.

On motion of Mr. Leach of New York, a vote of thanks was extended



C. T. WILLIAMS

OF THE FIDELITY TRUST COMPANY, BALTIMORE,
MD. RE-ELECTED TREASURER INVESTMENT
BANKERS ASSOCIATION

the Chicago members for their courteous and hospitable entertainment of the convention.

Invitations for holding the next annual convention were received from San Francisco, Galveston, New York, Denver, Columbus, Ohio; Ottawa, Ont.; Philadelphia and New Orleans.

The next meeting of the board of governors will be held in Philadelphia, probably in January, the exact date to be fixed by the president and secretary of the association.

FOREIGN BANKING AND FINANCE

Latin-America

NICARAGUAN FINANCES

BROWN BROS. & CO. and J. & W. Seligman & Co. have purchased from the Republic of Nicaragua fifty-one per cent. of the stock of the Pacific Railways of Nicaragua, incorporated under the laws of Maine, and of the stock of the National Bank of Nicaragua, incorporated under the laws of Connecticut. This purchase was made substantially upon the terms of a contract executed in 1911 and at that time approved by the United States Government. The remaining forty-nine per cent. continues to be

owned by the Government of Nicaragua. The bankers have also discounted at par \$1,060,000 one-year treasury bills of the Republic of Nicaragua dated October 1, 1913, and maturing October 1, 1914, drawing six per cent.

The National Bank of Nicaragua has been in operation for over a year. Its capital has just been increased from \$100,000 to \$800,000. Its head office is at Managua, with branches at Bluefields and Granada and an agency at Leon. The bank is the depository of

Mexican Title-Mortgage Co.

Mexico City, Mexico

MEXICAN TITLES

EXAMINED

ABSTRACTED

• PERFECTED

Foreclosures and Reorganizations Managed

Mexican Companies Organized

Foreign Companies Protocolized

Real Estate Properties Managed

Mexican Lands Bought and Sold

Concessions Obtained

It costs nothing to write us for particulars

NEW YORK OFFICE: - - - 25 BROAD STREET

Pan-American Title Insurance Company, S. A.

Head Office: Apartado 39 Ave. San Francisco.

CITY OF MEXICO

BRANCHES: Tampico, Mexico; London, England, 25 Victoria St., S. W.

**Chartered and equipped for all branches of title insurance
and trust work.**

CORPORATIONS ORGANIZED AND REGISTERED IN MEXICO.

the Government, and its issue department issues bank notes on behalf of the Government. Two of the members of the board are to be nominated by the Minister of Finance of the Republic, and the Secretary of State of the United States has the privilege of appointing one.

The proceeds arising from the sale of the railroad and bank stock and the treasury bills have been applied to strengthening of the currency fund and to the payment of existing advances by the National Bank of Nicaragua, Inc., and by the bankers. The balance will, it is understood, go to make payments on account to sundry creditors. Should the United States Senate, at its regular session this winter, ratify the pending treaty with Nicaragua, providing for the establishment of a naval station on the Gulf of Fonseca and granting a perpetual right to build the Nicaragua Canal, the proposed payment to Nicaragua of \$3,000,000, provided in the treaty as compensation, would put that government in a position where it could liquidate the greater part of the local debt

and claims accumulated during former periods of political disturbance. The only foreign debt of the Government of Nicaragua, except the \$1,060,000 treasury bills, now issued, is the English bonds, amounting to £1,200,240 and paying interest at five per cent. and amortized by a cumulative sinking fund of one per cent. a year calculated to retire the issue on or before maturity.

LATIN AMERICAN EXPLOITATION

IN his recent address before the Southern Commercial Congress at Mobile, Ala., President Wilson severely criticized the exploiters of Latin American countries through the instrumentalities of concessions. He also declared that it was not the policy of the United States to secure further territory by conquest, and made a plea for the closest relations between the northern republic and those of the south, based upon a policy of mutual justice and honor.

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

Banco Nacional del Salvador

SAN SALVADOR

Authorized Capital ...\$5,000,000

Subscribed Capital ... 2,000,000

Paid-up Capital 1,600,000

Head Office—SAN SALVADOR
Republic of Salvador, Central America

Agencies at all principal towns in the Republic.

Correspondents in the most important cities abroad.

BANKING BUSINESS TRANSACTED
OF EVERY DESCRIPTION

Special attention given to COLLECTIONS—moderate commission

Dr. Guillermo Mazzini
President Director

G. Hommeler
Manager

Libano Gutierrez R., Cristobal Santamaria, and others, to establish a bank at Manizales, in the State of Caldas. The bank will be known as the Banco Hipotecario de Caldas, and will have a capitalization of \$1,000,000.

BRITISH GUIANA BANK ABSORBED

ANNOUNCEMENT is made that the Royal Bank of Canada has bought the assets of the British Guiana Bank of Georgetown, Demerara. The British Guiana Bank was established in 1886 and maintains offices in several cities of the province. Its capital is \$926,520, reserve and undivided profits \$282,457, and total assets \$3,-680,000.

John B. Laing, managing director of the British Guiana Bank, will continue as manager of the new branch of the Royal Bank of Canada.

European

NEW BANK AT MANIZALES

THE Government of Colombia, by contract signed and approved August 13, 1913, at Bogota, has authorized a syndicate of capitalists, consisting of Felix Salazar & Hijos,

BANK AMALGAMATION

THE banking firm of Barclay & Co., one of London's important institutions, has signed a provisional agreement to absorb the provincial banking business of J. and C. Simonds

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$860,876.00

Deposits, \$3,602,738.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comp. Nat. d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.

H. C. HEAD, Cashier

SHUR WELCH, Assistant Cashier.

A General Banking Business Transacted

Foreign Exchange Bought and Sold

Telegraphic Transfers

Letters of Credit

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

& Co., known as the Reading Bank. This concern was established exactly 100 years ago, has head offices at Reading and about a dozen branches. The deposits and current accounts of the bank total nearly £1,000,000, while the partners' capital was £100,000.

Australasian

SAVINGS BANK OF SOUTH AUSTRALIA.

FOR the year ended June 30 this institution reported the number of deposits as 621,601, an increase of 89,444 compared with the previous year, and amount deposited £5,416,760, an increase of £244,826.

AUSTRALIAN PROGRESS.

WRITING to the London "Times," Mr. Denison Miller, Governor of the Commonwealth Bank of Australia, has this to say:

"The Commonwealth is developing so rapidly that the capital in the country is not sufficient to carry on the many projects in hand and contemplated, and until the introduction of considerable sums of money from England is accomplished the position will not show much relief. The Commonwealth will continue to progress so long as the seasons are good. Bounteous

rains have recently fallen through practically the whole area, and the prices of wool, wheat and other of our products promise to be maintained, so that another good season may be looked for. No doubt the fact that everybody has had money to spend during the past few years has led to a certain amount of extravagance—which has been very marked among the working classes; at the same time, it was very noticeable early in 1912, when a short drought was on, how quickly most people drew in their horns and began to



Mr. C. A. B. CAMPION
MANAGER OF THE COMMONWEALTH BANK OF
AUSTRALIA, LONDON OFFICE

THERE ARE THREE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Mmanuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

M. Garcia Frayssal, Manager.

—CORRESPONDENCE IS INVITED—

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A. MEXICO, D. F.

President—F. PIMENTEL Y FAGOAGA

1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

prepare for adverse times. Australians generally are quick to grasp and meet the position and soon adopt the more cautious methods necessary in times of drought."

AUSTRALIAN BANK DEPOSITS

A REMARKABLE stage in Australian Commonwealth banking, says the "Australasian Insurance and Banking Record," has now been attained. For several years both deposits and advances increased, to use a rather hackneyed phrase, by leaps and bounds. But suddenly a pause has been unavoidably ordered, and on both sides of the account stagnation is apparent—not from any want of will of borrowers, but from want of fresh accession of deposit money. Without the sinews of war military operations cannot be conducted, and without a continuous influx of new capital support to trading and industrial enterprise has to be kept in corresponding bounds. The change from expansion to an arrestment of development is indicated by the following figures:

Year ended June 30—	Movement in Deposits, Increase.	Movement in Ad- vances, etc. Increase.
1910	£12,142,812	£2,819,097
1911	13,496,343	11,747,311
1912	6,003,697	10,761,098
	Decrease.	Decrease.
1913	3,685,346	6,769,402

(New Zealand figures not included.)

During the past quarter the banks in Australasia have been able to largely increase their cash reserves, and the ratios borne to liabilities are greatly improved. By providing exchange the borrowings of several of the States in London have obviated the necessity of shipping gold on an extensive scale, as was the case last year.

Colonial

SUCCESS OF PHILIPPINES' AGRICULTURAL BANK

THE Agricultural Bank, which was founded by the Government of the Philippines about four years ago, says Consul-General George E. Anderson of Hongkong, for affording relief to Filipino farmers from the oppressive interest rates charged them by private money lenders, has passed the experimental stage and is proving an immense success, notwithstanding serious difficulties. The operation of banks in the islands is difficult, chiefly because of the faulty land titles all over the archipelago, making the securing of loans on land difficult and even dangerous. Titles are of the most mixed description, involving royal grants, improperly settled estates, doubtful court decrees, imperfect surveys, and many other conditions making absolute ownership difficult if not impossible. To correct many of these

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$363,000.00

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

evils the Government some years ago established the Torrens system of land registration, by which titles to land are cleared and Government deeds given for land so registered. The operation of the Agricultural Bank is so directly affected by such titles that a difference in the rates of interest charged for loans on land security is made in favor of land registered under the Torrens system, eight per cent. per annum being charged for loans on registered land and ten per cent. on other lands.

The operation of the bank during the fiscal year ending June 30, 1913, shows outstanding loans on agricultural property of \$880,126 gold, an increase of \$403,673 gold over the previous fiscal year. The amount loaned represents 390 loans, of which 131 were on royal grant lands at ten per cent. and 259 loans on Torrens titles at eight per cent., such rates comparing favorably with rates from twelve per cent. up charged for similar loans by private interests. During the four years of the bank's operation there have been only twenty delinquents, eight of whom were granted extensions. The bank last year lost only \$50, which was on property that did not bring its fair market price at judicial sale. Of the 390 loans made, 122 were for sums less than \$500 gold, and one loan, the smallest, was for the equivalent of \$25 gold; 155 loans were for sums equivalent to be-

tween \$500 and \$2,500 gold; fifty-six were from \$2,500 to \$5,000; thirty-nine were from \$5,000 to \$10,000; and eighteen were from \$10,000 to \$17,500—the legal limit.

The bank has twenty-four branches or agencies, of which thirteen were established during the past fiscal year. These branches accept time and current deposits, time deposits receiving interest at three per cent. per annum for six months' periods, and at three and one-half per cent. per annum for yearly deposit periods. No such deposits, however, are loaned as yet. The bank has found important usefulness for its certified checks for remittances from place to place in the interior of the islands in place of transmitting money in the manner formerly necessary. Provincial treasurers in most of the outlying provinces act as agents for the bank in the branch houses, the advantages to the people of the provinces from the establishment of the institution justifying the demands it makes upon the time and services of such officials.

At present the bank has more calls for loans than it is able to supply. Congress is being asked to authorize the issue by the bank of mortgage debentures based upon the securities it holds covering lands pledged for loans already made. Pending the allowance

of this authority, the Government of the Philippines has allowed the bank to lend twenty per cent. of the funds of provincial treasurers deposited on time in commercial banks, this privilege permitting the loan of \$600,000 additional, most of which has already been placed.

In the first year of its operation,

the fiscal year 1909, the bank placed loans amounting to only \$27,725. In the fiscal year 1910 its loans amounted to \$112,200; in 1911 to \$115,225; in 1912, \$110,652; and, as above noted, in 1913, \$880,126, the figures given being the American equivalent of the Philippine pesos, at two pesos to the dollar.

BANKING AND FINANCIAL NOTES



The Branch
Our first President

Merchants National Bank
RICHMOND, VA.

Capital \$200,000
Surplus and Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items
"ON TO RICHMOND"

floors of the building are to be used for the bank, involving an entire change in the main entrance and the installing of a ladies' room on the second floor, connected by elevator with the ground floor. Under the presidency of J. Adams Brown the business of this institution has more than quadrupled.

—A branch of the Farmers Loan and Trust Company has lately been opened in Berlin. The company already had offices in London and Paris.

—Authority has been granted by the State Banking Department for the organization of the Clinton Bank, 67 Clinton street, with \$100,000 capital.

—The Guaranty Trust Company of New York has published a digest of the new currency bill known as the Federal Reserve Act. This digest places before the busy man in compact form all of the essential features of the bill as it was passed by the House of Representatives on September 18, and is now being considered by the United States Senate.

—The Bronx Branch of the Corn Exchange Bank has a new building on 149th street, just west of Melrose avenue.

—At the recent annual meeting of the New York Clearing-House Association the following officers and committees were chosen: President, Francis L. Hine, president First National Bank; secretary, Stuart G. Nelson, vice-president Seaboard National Bank.

Clearing-House Committee—Albert H.

EASTERN STATES

New York City

—The New Netherland Bank will shortly undertake the remodeling of its building, by which necessary room will be gained for its rapidly growing business. The upper

COINS Trade Dollar 1895 sold for \$1140, 20 cents
1878 CC \$250, \$1 gold 1861 D \$225, \$3-1/2 S
\$1460. Exceedingly high premiums on the outside of Coins,
Stamps, Bonds, Paper money if illustrated (free) — Free
VONBERGEN, the Coin Dealer, Dept. B.M. Boston, Mass.

18691913

Mellon National Bank

PITTSBURGH, PA.

Invites the RESERVE accounts of Banks, Bankers and Trust Companies, on which INTEREST at the rate of 3 % will be paid.

WRITE FOR PARTICULARS

A. W. MELLON, President	
R. B. MELLON, Vice-President	A. C. KNOX, Vice-President
W. S. MITCHELL, Cashier	
B. W. LEWIS, Asst. Cashier	A. W. McELDOWNEY, Asst. Cashier
H. S. ZIMMERMAN, Asst. Cashier	

Resources Over 60 Millions

Wiggin, president Chase National Bank, chairman; William Woodward, president Hanover National Bank; James S. Alexander, president National Bank of Commerce; Clarence H. Kelsey, president Title Guarantee and Trust Company; Stephen Baker, president Bank of the Manhattan Company.

Conference Committee—Lewis L. Clarke, president American Exchange National Bank, chairman; Joseph T. Talbert, vice-president National City Bank; James G. Cannon, president Fourth National Bank; Ruel W. Poor, president Garfield National Bank; Willard V. King, president Columbia-Knickerbocker Trust Company.

Nominating Committee—William A. Simonson, president Second National Bank, chairman; Gilbert G. Thorne, vice-president National Park Bank; Charles Elliott Warren, president Lincoln National Bank; Charles A. Boddy, president Peoples Trust Company; Christian F. Tietjen, president West Side Bank.

Committee on Admissions—Edwin S. Schenck, president Citizens Central National Bank, chairman; Seward Prosser, president Liberty National Bank; Orion H. Cheney, president Pacific Bank; Rollin P. Grant, president Irving National Bank; Arthur K. Wood, president Franklin Trust Company.

Arbitration Committee—Herbert L. Griggs, president Bank of New York, N.

B. A., chairman; Edward C. Schaefer, president Germania Bank; Francis L. Leland, president New York County National Bank; J. T. Sproull, president Coal and Iron National Bank; William C. Duncan, president Greenwich Bank.

Total transactions of the clearing-house for the year ending September 30 were \$103,265,650,681; clearings, \$98,121,520,297, compared with \$96,672,300,863 last year.

—Hon. Cordell Hull, M. C., has prepared and the Guaranty Trust Company has issued a synopsis of the Federal Income Tax Law.

—"A Few Facts About the Federal Income Tax" is the title of a pamphlet issued by the Broadway Trust Company of New York.

—At Port Deposit, Md., the National Cecil Bank succeeds the Cecil National Bank and the National Bank of Port Deposit. Its capital is \$50,000 and the officers: President, S. C. Rowland; vice-president, W. W. Hopkins; cashier, J. T. C. Hopkins, Jr.

—New York State Private Bankers' Association is the name of a new organization formed at a meeting held in Rochester, N.

The J. G. White Companies



J. G. White & Company, Inc.

Purchase, and finance the development of
Water Power, Gas, Electric Light, Steam,
Electric Railway and Power Properties.

The J. G. White Engineering Corporation

Design and construct Hydro-electric developments, Electric Light and Power Properties, Electric Railways, Gas Plants, Steam Railroads, etc. Reports Physical Valuations, Appraisals, Purchases.

The J. G. White Management Corporation

Operators and Managers of Public Service
Utilities and Industrial Corporations.

43 Exchange Place - New York

CHICAGO

SAN FRANCISCO

J. G. White & Company, Ltd.

9 Cloak Lane, Cannon Street, London, E. C.

PARA

BUENOS AYRES

SANTIAGO

THE PHILLIPINES

BINDERS AND BLANKS

OF UNIFORM EXCELLENCE

FOR ALL DEPARTMENTS OF BANK ACCOUNTING

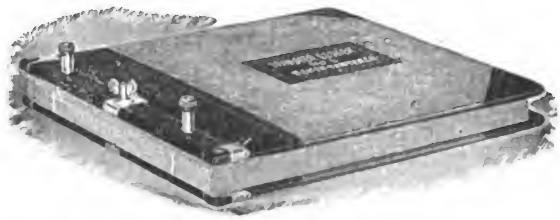


BAKER-VAWTER COMPANY

CHICAGO

BENTON HARBOR, MICH.

HOLYOKE, MASS.



Y., October 24. Officers elected are: President, W. B. Manly of Belfast; first vice-president, George L. Church of Afton; second vice-president, Stacy Richmond of New York; third vice-president, E. R. Fay of Auburn; secretary, John W. Cutler of New York; treasurer, Robert C. Turnbull of Campbell. Executive committee, E. W. Moses of Dalton, Peter D. Muller of Truxton, L. L. Lewis of Buffalo, B. J. Greenhut of New York, Oscar Guebleman of New York and George W. Hodges of New York. Meetings will be held annually in October, the exact date to be fixed later.

—Owing to a steady increase of business the Citizens' Bank of Buffalo, N. Y., has found it desirable to make an important addition to its banking quarters and has acquired property adjoining the present bank for the purpose of making such enlargement.

—It is proposed to raise the par of shares of the Hamilton Trust Company, Philadelphia, from \$50 to \$100 a share, which will reduce the number of shares by one-half, but will leave the capital as now, \$400,000.

—Delaware bankers have reorganized their State association, which had been dormant for sixteen years. These officers were chosen: President, John H. Danby, president Union National Bank, Wilmington; vice-president, John B. Smith, cashier First National Bank, Milford; secretary and treasurer, Caleb M. Sheward of Wilmington.

At the meeting to effect reorganization resolutions were adopted favoring amendment of the Glass-Owen bill in accordance with the recommendations of the Chicago conference of bankers.

—Middendorf, Williams & Company (Inc.) recently took possession of the new banking rooms in the Munsey Building, Baltimore.

—The well-known banking house of Hambleton & Company of Baltimore has added

four partners to the firm, Fairman R. Dick, formerly of Dick Brothers; N. L. Tilney, Ernest T. Gregory, formerly with Lee, Higginson & Company of Boston, and William F. Ladd, late of Kissel, Kinnicut & Company. Offices have been opened in New York also.

—Recently the Corn Exchange National Bank of Philadelphia made a thorough examination of the most modern methods of bank lighting and followed this with an order, amounting to over \$10,000, for the Frink and J-M Linolite System of Lighting. The contract was placed with the Philadelphia branch of the H. W. Johns-Manville Company.

—A contract has been let for the erection of a new \$40,000 building for the First National Bank of Bound Brook, N. J.

—With its customary enterprise in supplying its correspondents with valuable information, the Fourth Street National Bank of Philadelphia sends out a pamphlet containing the new Income Tax Law and the government regulations relating to coupons and interest.



IF intelligent handling of items and low rates appeal to you send us your BUFFALO BUSINESS

Capital and Surplus, \$1,200,000.00

A. D. BISSELL, President

C. R. HUNTLEY, Vice-President

E. H. HUTCHINSON, Vice-President

E. J. NEWELL, Cashier

HOWARD BISSELL, Asst. Cashier

C. G. FELL, Asst. Cashier

This Noisy Office Made Quiet by the **J M** Acoustical System

The confusion of noises created in this enormous room by the click of typewriters, the hum of voices, etc., was so great that the efficiency of its 400 occupants was materially reduced.

After our Acoustical Department had treated the room, the unpleasant, jarring sounds were practically eliminated—with the result that the working efficiency of the entire force was increased to a marked degree.

Our methods are based on a scientific study of natural laws. No theorizing—no experimenting.

If you have an acoustical problem to solve, our experts will gladly offer preliminary recommendations without charge.

For full particulars write our nearest Branch.

H. W. Johns-Manville Co.

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AND MAGNESIA PRODUCTS.

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ELECTRICAL SUPPLIES, ETC.

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Louisville
Milwaukee
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New York
Omaha
Philadelphia
Pittsburgh

San Francisco
Seattle
St. Louis
Syracuse (2100)



Executive Offices of Swift & Co., Chicago, measuring 90 x 200 feet.

—E. R. Crawford, president of the McKeesport Tin Plate Company and connected with various other interests, was recently elected a director of the Bank of Pittsburgh National Association.

—A most serviceable pamphlet has been sent out by the Mellon National Bank of Pittsburgh, containing a thorough analysis of the Income Tax Law, by Luther F. Speer, head of the corporation tax division of the Internal Revenue Department of the Treasury. It explains this law very fully, and the pamphlet will be found especially

useful to banks and trust companies upon whom falls the burden of collecting the tax on income derived from bonds.

—On October 6 the Citizens Savings Bank and the District National Bank of Washington, D. C., consolidated under the latter's name, having deposits of \$2,750,000 and total resources of \$4,000,000.

The Citizens Savings Bank was started about seven years ago, being especially identified with the Government Departments and supplementing the name "Departmental Bank." It was very successful during the years of its operation and its absorption brings into the District National about thirty-five hundred new customers.

The District National is one of the newest among Washington banks, being four years old. The basis of consolidation was the issuance of \$150,000 new capital by the District National in exchange for the \$100,000 capital stock of the Citizens Savings Bank. Eight directors of the Citizens Savings Bank take positions on the board of the District National Bank, and Bestor R. Walters, treasurer-cashier of the Citizens Savings Bank, goes into the District as active vice-president and manager of the savings department. Jas. A. Sample, formerly president of the Citizens Savings Bank, after being promoted to the position of cashier of the United States Treasury,

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been the representative
financial and business weekly
of Boston and New England

127 FEDERAL STREET, BOSTON



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VAN KANNEL Revolving Doors are supplanting the swinging type of doors because they are more modern.

VAN KANNEL Revolving Doors are safe, practical, substantial—Write for Catalog "B."

VAN KANNEL REVOLVING DOOR CO.
FLATIRON BUILDING, NEW YORK

was thereby compelled to give up his active banking connections but is to be a director in the District National Bank.

Washington has become, in recent years, quite a savings bank centre, and the future prospects of the District National with its



DISTRICT NATIONAL BANK, WASHINGTON, D. C.

savings department seem very bright for becoming one of Washington's largest and most progressive institutions.

The District National Bank has had a very satisfactory growth in deposits, as may be seen from the accompanying figures:

September 20, 1909 (organization)	\$186,838.68
November 16, 1909	612,854.12
January 31, 1910	741,526.39
March 29, 1910	895,026.98
January 7, 1911	1,026,998.70
March 7, 1911	1,111,452.71
December 5, 1911	1,219,787.13
February 8, 1912	1,313,546.49
November 26, 1912	1,721,073.84
February 4, 1913	1,853,533.05
June 4, 1913	1,980,323.09
October 21, 1913	2,747,637.58

Following is the condensed statement of condition at the date of report to the Comptroller of the Currency, October 21:

RESOURCES.	
Loans and discounts	\$2,117,976.08
U. S. bonds to secure circulation	475,000.00
Bonds to secure U. S. deposits	188,732.13
Bonds to secure Postal savings deposits	16,000.00
Premium on U. S. bonds	1,326.74
Bonds and securities	102,455.45
Banking house, furniture and fixtures	277,288.43
Due from banks	\$611,132.66
Cash	250,003.71
Due from U. S. Treasurer account	861,136.37
5 per cent. fund	23,750.00
Total	\$4,063,669.20

LIABILITIES.	
Capital	\$550,000.00
Surplus and profits	132,532.12
Circulation	475,000.00
Bonds borrowed	116,499.50
Bills payable	42,000.00
Deposits	2,747,637.58
Total	\$4,063,669.20

As a result of the consolidation referred to, some changes took place in the officers

THE GARFIELD NATIONAL BANK

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

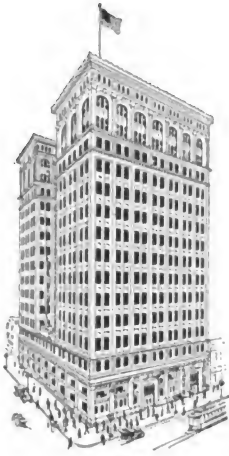
CAPITAL	SURPLUS
\$1,000,000	\$1,000,000

OFFICERS

RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
WM. L. DOUGLASS, 2d Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cash.

DIRECTORS

James McCutcheon	William H. Gelsheuen
Charles T. Willis	Morgan J. O'Brien
Ruel W. Poor	Thomas D. Adams
Samuel Adams	Daniel S. McElroy
Robert J. Horner	



THE OLD NATIONAL BANK OF SPOKANE

INVITES all banks desiring a prompt clearance of items drawn on points in the Pacific Northwest to avail themselves of its facilities.

DIRECT connection with practically every banking point in its territory renders its transit service singularly efficient.

D. W. TWOHY, Pres.
T. J. HUMBIRD, Vice-Pres.
W. D. VINCENT, Cashier
W. J. KOMMERS
J. A. YEOMANS
W. J. SMITHSON
Assistant Cashiers

**CAPITAL
ONE MILLION DOLLARS**

and directors of the District National Bank, the complete list now being as given herewith:

Officers—President, Robert N. Harper; vice-presidents, W. S. Hoge, J. S. Tyree,



BESTOR R. WALTERS
VICE-PRESIDENT DISTRICT NATIONAL BANK,
WASHINGTON, D. C.

W. P. Lipscomb, Bestor R. Walters; cashier, Edmund S. Wolfe; assistant cashiers, W. T. Poole, Theo. S. Mason; attorneys, Barnard & Johnson; counsel, Wharton E. Lester.

Directors—Ralph P. Barnard, S. I. Beselievre, W. W. Bride, Chas. J. Butler, A. P. Crenshaw, John T. Devine, W. K. Ellis, John W. Childress, C. J. Gockeler, Robert N. Harper, J. H. Corning, James M. Hoge, Lewis Holmes, William P. Lipscomb, W. H. Martin, G. Nordlinger, Robert Lee O'Brien, H. M. Packard, Charles C. Rogers,

Advertisers in **THE BANKERS MAGAZINE** are assured of a bona fide circulation among Banks, Bankers, Capitalists and others in this and foreign countries, at least double that of any other monthly banking publication

Jas. A. Sample, N. L. Sansbury, Elie Sheetz, R. R. Tuttle, J. S. Tyree, Bestor R. Walters, Sidney West, Martin Wiegand, J. W. Harper, W. S. Hoge.

NEW ENGLAND

Boston

—This city's list of fine bank buildings has been further increased by the completion of the new ten-story Merchants' National Bank building at 28 State street. It represents an outlay of more than \$1,000,000, and is built of steel, stone, brick, marble and concrete, no wood entering into the construction.

—The proposed merger of the New England National Bank in the North Station business district and the South End National Bank in the South End, into the Hamilton Trust Company, will, if carried out, produce an institution with a capital of \$200,000; surplus, \$200,000, and deposits of nearly \$2,500,000.

It is thought that both banks can better serve their customers as a trust company, and if a charter is granted, the conversion will probably be made early in January, following the usual stockholders' meetings. The New England National Bank will be known as the branch of the proposed Hamilton Trust Company. The dominant interests in both banks, the Commonwealth

SAVINGS BANKS

Will find forms and methods for all the practical work of the Bank fully illustrated and explained in the new book,

"The Savings Bank and Its Practical Work"

By W. H. KNIFFIN, Jr.

Ex-Treasurer of a \$25,000,000 Savings Bank and former Secretary of the Savings Bank Section, American Bankers Association

All legal decisions affecting Savings Banks and every phase of the practical work, with the duties and responsibilities of trustees, are taken up in 38 chapters, 550 pages, over 100 illustrations of blanks, forms, a model set of by-laws, etc.

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Planters National Bank

RICHMOND, VIRGINIA



Capital

\$300,000

Surplus and Profits

\$1,500,000

Total Resources

\$9,600,000

OFFICERS

JAMES N. BOYD
President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

D. V. MORTON
Assistant Cashier

**Unsurpassed Facilities
for collecting Items
on Virginia and
the Carolinas**



BANKS contemplating improvements should consult us immediately, thereby avoiding errors in planning.

We plan, design and build banks complete, including interior work, decorations and equipment

Write for suggestions, giving us an idea of what you have in mind.

Bankers Building Bureau

Bureau of factories manufacturing every material necessary to complete a modern equipped bank building sold direct to banks, planned and built complete, using highest grade of materials at a conservatively economical price.

106 East 19th Street . . . New York

Trust Company, will, of course, control. Both banks will be liquidated.

—Under the presidency of Robert H. Bean of the National Union Bank, Boston Chapter of the American Institute of Banking, is showing marked activity along educational lines. The "Year Book" of the chapter for 1913 contains a long and varied programme of lectures on subjects of practical value to bank clerks. While education is the primary object of Boston Chapter, there are entertainments enough interspersed with the educational features to render the winter's work attractive.

—Henry M. Aldrich, Leroy S. Brown and others are organizing the Lexington (Mass.) Trust Company, with \$50,000 capitalization.

—The Bridgeport (Conn.) Trust Company is to make important alterations in its bank building on State street, in that city. The building is to be lowered in height so that the banking rooms may be lighted from above and the entire interior remodeled and adapted for the rapidly growing business of the company.

—After doing business for three months in the Brownell block, the Essex Trust

Company of Essex Junction, Vt., has moved into its new building, 26x46 feet, and two stories high.

—Directors of the Manufacturers National Bank of Lewiston, Me., have awarded the contract for putting up a modern six-story bank and office building. The bank will occupy the first story and part of the basement and mezzanine story.

—Recently the Eastern Trust and Banking Company of Bangor, Me., moved into its large and fine banking quarters in the company's new modern six-story building.

SOUTHERN STATES

—Property has been purchased by the Macon (Ga.) Savings Bank for the purpose of affording the bank larger and better quarters. Decision will be made later as to whether a new building will be put up or that at present on the site suitably improved.

—Galveston, Tex., has a new bank—the American Bank and Trust Company, capital \$50,000. Officers: W. L. Moody, Jr., president; W. L. Moody, 3d, vice-president; C. W. Clauson, cashier.

There is a demand for "SPECIALTIES" in cigars.

The finest cigars, which can be produced in

HAVANA
CUBA

(NOT the regular trade goods,
but "Specialties".)

We are supplying this demand under our
"Specialty" brand:

Correspondence
solicited

BEHRENS & CO.

**"SOL-
Seleccion Especial"**

CONSULADO STR. 91-93
HAVANA, CUBA

—The Commercial National Bank of Raleigh, N. C., is now in its new home, and gave a house warming there on the evening of October 20. For the occasion the City Council lent the bank a portrait of Sir Walter Raleigh, and the souvenirs present-

—Texas bankers are so opposed to the pending banking bill that they called a special meeting of their association to take action against it. Resolutions were adopted favoring the amendments to the bill proposed by the Chicago bankers' conference.

—The Chatham Bank of Savannah, Ga., lately moved into its new home, which the "News" of that city describes in a recent issue, and says that "it is surpassed in furnishings and fittings by none in the State."



NEW HOME OF THE COMMERCIAL NATIONAL BANK, RALEIGH, N. C.

ed to the hundreds of visitors were in memory of that great Englishman. A unique feature of the installation of the bank in its new building was the reception given to the children of the city.

—Removal of the Union National Bank of Louisville, Ky., is announced, the new location being in the Inter-Southern Building at Fifth and Jefferson streets.

Utah Savings & Trust Company Salt Lake City, Utah

Commercial—Savings—Trust—Bonding

Capital . . . \$300,000
Surplus & Profits, 100,000

OFFICERS:

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E. A. Wall, Vice-President
W. Mont Ferry, Vice-President
Frank B. Cook, Cashier
N. G. Hall, Asst. Cashier

Facilities for thorough banking service.
Expedient and intelligent handling of collections throughout this intermountain country.
Familiar with investment opportunities in this locality.
Information furnished on request.

25 Years Old

Title Certificates

Title Insurance

The Union National Bank

CAPITAL
\$1,600,000.00

Cleveland, O.

SURPLUS AND PROFITS
\$1,000,000.00

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. C. SAUNDERS, Asst. Cashier

W. E. WARD, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

—Dallas, Texas, will have the honor of entertaining the next convention of the American Institute of Banking.

—Louisiana State bonds are declared to be available investments for New York savings banks, by a recent opinion of the Attorney-General of New York State.

—A very gratifying record of growth is presented concisely in the accompanying comparative statement of the National Bank of Savannah, Savannah, Georgia:

RESOURCES.

	Oct. 15, 1913.	Oct. 15, 1903.
Loans and discounts	\$2,565,391.27	\$1,048,394.56
Overdrafts	105.77	373.79
U. S. bonds	606,236.74	207,000.00
Stocks, securities, etc.	180,895.00	1,214.50
Furniture and fixtures	4,744.52	3,131.50
Due from U. S. Treas.	24,000.00	10,000.00
Real estate		29,668.08
Cash and due from banks	1,393,900.17	288,200.81
Total	\$4,775,273.47	\$1,588,083.24

LIABILITIES.

Capital	\$400,000.00	\$250,000.00
Surplus and undivided profits	656,963.67	258,010.58
Circulation	400,000.00	200,000.00
Dividends unpaid	36.00	40.50
Deposits	2,833,559.35	780,032.16
Bills payable	339,214.45	100,000.00
Bonds borrowed	145,500.00	
Total	\$4,775,273.47	\$1,588,083.24

During the ten years this bank has paid its stockholders dividends aggregating \$243,750. The capital was increased on March 15, 1912, from \$250,000 to \$400,000.

WESTERN STATES

Chicago

—Herman Schiff and others are organizing the Schiff State Bank, capital \$50,000.

—James M. Mills has been promoted from the cashiership to the vice-presidency of the Standard Trust and Savings Bank, and Frank T. Joyner elected cashier in place of Mr. Mills.

—John W. Fowler is president; Almer Coe, vice-president; E. J. Goit, cashier, and C. R. Corbett, assistant cashier, of the new Lake and State Savings Bank; capital, \$250,000, and surplus, \$50,000.

—On October 21 the First National Bank reported deposits of \$115,448,338, and the First Trust and Savings Bank (October 22), \$54,067,994.

St. Louis

—President A. J. Siegel of the Huttig Sash and Door Company, and for a long time a business associate of the late Charles H. Huttig, president of the Third National Bank, has been elected a director of that bank.

—C. H. McMillan has resigned as vice-president of the Mercantile Trust Company and will devote some time to foreign travel. He has been connected with the company since its organization, and was secretary until about four years ago, when he became vice-president.

—Reports are current here of the organization of a new bank, to be formed either by a merger of several existing institutions or by a fresh organization. The National Reserve Bank, it is stated, will be the name of the new bank, which will have \$5,000,000 capital. A trust company will also be con-

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In its thirtieth year and
BETTER THAN EVER

Capital - \$2,500,000.00

**FIRST
NATIONAL
BANK**

Deposits, \$36,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,870,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

nected with the bank. J. T. M. Johnston, president of the National Reserve Bank, Kansas City, Mo., is reported to be interested in the proposed bank.

—It is expected that the new quarters of the First National Bank, Houghton, Mich., will be ready for occupancy by December 1.

—The Franklin Avenue State Bank, with \$25,000 capital, will be established in Minneapolis about December 1, by the same interests which control the South Side State Bank.

—About December 1 the City National Bank of Evansville, Ind., will formally take possession of its new home.

—For the Wayne County and Home Savings Bank of Detroit a modern office building will be put up on the Home Bank site at Michigan and Griswold streets.

—By leasing the entire ground floor of the Union Trust Building, Detroit, the National Bank of Commerce has doubled its

working space. The bank has for the past three years occupied the south side of the ground floor. Improvements of a substantial sort will be made in the enlarged quarters.

—The Union National Bank of Cleveland will shortly put up a new building.

—Controlling interest in the State Savings Bank of Chariton, Iowa, has been purchased by J. D. Whisenand, vice-president of the Central State Bank, Des Moines, and by Fred S. Risser, formerly cashier of that institution. Mr. Whisenand becomes president of the State Savings Bank, and Mr. Risser, vice-president. Both gentlemen are widely experienced and favorably known in Iowa banking circles.

—The Citizens Bank of Michigan City, Ind., took possession of its new bank on October 4. As illustrated and described by the Michigan City "News," it is seen to be one of the fine bank buildings of the State. It is a stone structure of classic design and embodies the very latest improvements in bank construction throughout, including vault equipment.

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Bankers Linen and Bankers Linen Bond

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high grade, serviceable paper for correspondence and typewriter purposes

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"Bank Advertising Plans"

(New Book)

There is quite a field for bank advertising ideas, plans and schemes entirely separate from newspaper publicity, or only partly dependent upon it. The purpose of "Bank Advertising Plans" is to present some of the best of such plans and ideas as they have been and are being used by various kinds of financial institutions in different parts of the country. This book is by no means a summary of any one man's ideas or experience. It is really a composite of the plans and successful efforts of a great many keen bankers and bank advertising men.

The chapter titles are "165 Plans and Ideas for Bank Advertising"; "News and Advertising"; "Community Boosting"; "Appealing to Nationality"; "Street Car Campaigns"; "Saving Clubs"; "The Bank Building"; "Pay Envelope Advertising"; "Christmas and New Year"; "Calendars"; "The Bank Historical"; "The Contest Idea"; "Parents and Children"; "Specialty Advertising"; "70 Bank Advertising Letters"; and "216 Bank Emblems or Trade-marks."

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"Talks on Thrift"

(New Book)

A reprint of matter prepared by Mr. MacGregor for the campaign of thrift education conducted by the Savings Bank Section, American Bankers Association—a complete and convincing exposition of the whole subject of thrift and success through saving, containing over 100 quotations on the subject from the lips of successful men of every age and clime.

Price, \$1.00.

"Pushing Your Business"

(New 5th Edition)

This is a textbook of the fundamental principles of advertising in general and financial advertising in particular, while "2,000 Points For Financial Advertising," its companion book, provides the "copy" or actual material to use in the preparation of effective advertising matter for banks, trust companies, safe deposit institutions and investment banking houses.

"Pushing Your Business" has just been issued in its Fifth enlarged edition. It is now considered the standard book on the subject of bank, trust company, real estate, investment and insurance advertising. It is written in a very attractive style, being, as the Chicago "Daily News" said of it, "A fine exemplar of its own theories of directness, dignity and persistence."

The book is profusely illustrated. Over 200 pages. Cloth bound.
Price, \$1.50, postage prepaid.

"2000 Points For Financial Advertising"

The purpose of this book is to provide a handy compendium of ideas and phrases suitable for use in the preparation of financial advertising matter—whether newspaper or magazine advertisements, booklets, circulars, "form" letters or street car cards.

The points in "2,000 Points For Financial Advertising," as Moody's Magazine said, "are sharp ones." They are largely such as have been used by the author in his long experience as a writer of financial advertising. They are points that have proved to be telling arguments and the ideas so expressed have resulted in an aggregate of millions of dollars' worth of new business for banks and other financial concerns throughout the United States.

The book is handsomely bound in cloth and printed in clear type on good paper. Price, \$1.50, postpaid.

Special combination price for "Pushing Your Business" and "2,000 Points For Financial Advertising" together, \$2.50.

ALL FOUR MACGREGOR BOOKS

\$6.50 worth—for only \$5.00

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Any Two Books

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Any Three Books

20% off their total price.

Every bank advertiser, actual or prospective ought to have this complete set of the best books on the subject.

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AS ENACTED IN

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Florida
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Indiana

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Montana
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Third and Revised Edition, 1908

By JOHN J. CRAWFORD, of the New York Bar

BY WHOM THE STATUTE WAS DRAWN

THE adoption of this Law so generally by the different States has made it one of the most important statutes ever enacted in this Country, and is of special interest to every banker. Hardly any case now arises upon a negotiable instrument, but requires the application of some provision of the Act.

The standard edition of the Law is that prepared by the draftsman. In this **THIRD EDITION**, the author has cited upwards of *two hundred new cases*, in which the statute has been construed or applied. This is the only book in which these cases are collected. These are not only important in the states where they were rendered, *but also in all other states where the statute is in force.*

All of the original annotations are preserved. These are not merely a digest and compilation of cases, but indicate the decisions and other sources from which the various provisions of the statute were drawn. They were prepared by Mr. Crawford himself, and many of them are his original notes to the draft of the Act submitted to the Conference of Commissioners on Uniformity of Laws.

A specially important feature is that the notes point out the changes which have been made in the law.

CRAWFORD'S ANNOTATED NEGOTIABLE INSTRUMENTS LAW, (*Third Edition, 1908*)

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DIAMOND
NATIONAL
BANK

DIAMOND NATIONAL BANK

PITTSBURGH. PA.

OFFICERS

WILLIAM PRICE, President
D. C. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent

Capital - - \$600,000.00
Surplus and Undivided Profits 1,672,273.65

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

This bank was organized in 1888 with \$50,000 capital; its present capital is \$100,000; surplus, \$50,000; undivided profits, \$38,000, and total resources, \$1,751,195. Officers are: Charles E. Arnt, president; John C. Pitsch, vice-president; Frank H. Willson, cashier; Albert C. Weiler, assistant cashier.

—The Continental National Bank of Indianapolis, Ind., reports on October 21: Loans and discounts, \$1,681,943; cash assets, \$1,035,930; capital, \$400,000; surplus and profits, \$78,458; deposits, \$2,078,950.

—On September 27 the Missoula (Mont.) Trust and Savings Bank moved into its new banking rooms, which are fitted up comfortably and attractively and have all the modern devices for conveniently and safely conducting the business of a bank.

PACIFIC STATES

—That California and the Far West generally are exceptionally free from bank failures, is the conclusion of the Los Angeles (Cal.) Times, after studying recent reports. It says:

"The soundness of banking conditions in this State is revealed by the fact that of eighty-five bank failures in the United States during the first nine months of this year, reported in 'Dun's Review,' not a single one occurred in California. Although twenty-two other States showed a like record, only a small number of them are as thickly populated, or as active in commercial lines, as California.

"The strict supervision which is exercised by the clearing-houses in the large cities, and allied institutions, as well as the sound management of the banks, is shown to good effect in the record of this State.

"Western States as a whole made an excellent showing during the nine-month period, only nine out of the eighty-five failures occurring on this side of the Rockies.

Three took place on the Pacific coast, in Washington and Oregon, liabilities represented being \$42,744, a very insignificant percentage of the total for the country—\$8,899,613. In the so-called Western States there were six failures, all occurring in three of the eight States represented, the liabilities involved being \$278,000."

—The Halloran-Judge Loan and Trust Company and the Utah Savings and Trust Company of Salt Lake City will erect another seven-story building adjoining the present home of the latter company on the south, and similar to it. The new building is to be begun as soon as the lease of the present occupants of the property shall have expired—eighteen months from now.

The new building, while hardly to be called a skyscraper, will, with the present Utah Savings and Trust Building, be the highest on Main street between the Walker and the Judge buildings, and with the twin building will also be the largest office building in that district. It will measure twenty-seven and one-half feet frontage by 165 feet deep, and the entire six floors will be given to offices.

The property, which at present is occupied by a two-story structure, is jointly owned by the Halloran-Judge Loan and Trust Company and the Utah Savings and Trust Company.

—At a cost of about \$10,000, the Farmers and Merchants Bank of Burbank, Cal., is building itself a new home.

—On October 21 the Crocker National Bank of San Francisco reported: Capital, \$2,000,000; surplus and profits, \$3,120,378; deposits, \$21,618,973.

—L. E. Shepard, a director of the Commercial National Bank of Los Angeles, since its organization and for many years a member of the bank's examining committee, was recently elected vice-president.

—The Bank of Italy (branch of San Francisco) recently absorbed the City and

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EVERY one has noticed the great rise in prices during the last fifteen years: and every business man in looking back sees the opportunities that he missed by not understanding this change in values. If he had only known that prices would rise in the way that they have he could have done better. In order to be successful some opinion must be formed for the future.

Gold Production and Future Prices

By
Harrison H. Brace

THE treatment of the subject in this book is so calm and fair, the style is so simple and direct, and the conclusions arrived at are so sane and reasonable, that for the general reader the book is much more useful than one crowded with references and burdened with the minutiae of scientific discussion. — *Political Science Quarterly*.

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County Bank of Los Angeles, and will continue it as a branch at its present location.

—Articles of incorporation have been filed for the Blochman Commercial and Savings Bank of San Diego, Cal., with \$250,000 capital.

—Joseph Bailly, heretofore assistant cashier of the National Bank of Commerce, Spokane, Washington, succeeds M. M. Cook as cashier, the latter having sold his stock in the bank and resigned to engage in other business. Mr. Bailly, who has been with the National Bank of Commerce since its organization, was formerly with the old National Bank of Spokane.

—The monthly Financial Letter of the American National Bank of San Francisco reports business conditions in California at about the normal stage. The following criticism of the Glass-Owen bill is made:

"There is no more logic or justice in compelling the banks to furnish capital for a government banking institution than there would be in compelling the newspapers to furnish capital for a government newspaper organized to compete with other newspapers; or in compelling the railroads to furnish capital and traffic for a government railroad. Suggestions to amend the act so as to eliminate these unwelcome provisions are heard by Congress with respectful tolerance, but no change of attitude. Yet the bankers have not asked for control of the reserve banks, but only minority representation on the board; and that subscriptions to the reserve bank stock be permissive, not compulsory.

"Unless the business public assents to the new principle of government set forth by the advocates of the bill, it is time business men should be heard in protest. If private capital in the form of bank shares can be commandeered for governmental purposes, against the consent of the owner, why may not private capital in any other form be treated in like manner? It is doubtful if

the socialistic tendencies of the times have progressed so far as to make this prospect attractive to the majority of citizens. No one doubts that the administration is actuated by an earnest desire to benefit the commercial interests of the country by framing a measure that will improve and enlarge credit facilities. But would not success be better assured by making the plan attractive to bankers and thus securing their friendly co-operation, rather than by attempting to drive them, at the end of a club, into an unwilling participation?"

CANADIAN NOTES

—G. F. Pritchard is acting sub-agent of the new branch of the Bank of Montreal at Albnri, B. C.

—Branches of the Merchants Bank have been opened at Ormstown, Que.; New Glasgow, N. S.; Ganges Harbor, B. C., and Shaunavon, Sask.

—At the recent convention of the Canadian Bankers' Association, at Winnipeg, these honorary presidents and regular officers were elected:

Honorary presidents: George Hague, Montreal; Sir Edmund Walker, president Canadian Bank of Commerce, Toronto; R. B. Angus, president Bank of Montreal; Duncan Coulson, president Bank of Toronto.

President, D. R. Wilkie, president Imperial Bank, Toronto.

Vice-presidents: George Burn, vice-president Bank of Ottawa; Alexander Laird, general manager Bank of Commerce, Toronto; E. L. Pease, general manager Royal Bank, Montreal; H. V. Meredith, general manager Bank of Montreal.

These general managers of banks form the new executive council: E. F. Hebden, Merchants' Bank, Montreal; F. T. How,

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ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS

Bank of Toronto; B. B. Stevenson, Quebec Bank, Montreal; James Elliott, Molsons Bank, Montreal; N. Lavoie, Le Banque Nationale, Quebec; W. B. Schofield, Standard Bank, Toronto; C. A. Bogert, Dominion Bank, Toronto; G. H. Balfour, Union Bank, Winnipeg; H. A. Richardson, Bank of Nova Scotia, Toronto; T. Bienvenu, Banque Provinciale du Canada; Senator Mason, Home Bank of Canada, Toronto; H. B. McKenzie, Bank of British North America, Montreal.

John T. Knight, manager of the Montreal Clearing-House and editor of the "Journal of the Canadian Bankers' Association," resigned as secretary of the association.

—It is proposed to supplement the revenues of the Province of Alberta by making certain changes in the taxation of corporations. According to the plan, banks are to

be taxed \$1,000 for each head office and \$125 for each branch.

—After forty-one years of faithful service with the Bank of British North America, H. M. J. McMichael has retired, at his own request, from the position of first agent at New York, which he has filled for the past eight years, having previously held the same position with the bank in San Francisco. Prior to locating at San Francisco he had occupied several important positions with the bank in Canada. He retires in the full vigor of health.

His successor is W. T. Oliver, who for nine years has held the position of second agent. He has had varied experience in the bank and has served the institution in different parts of Canada. He went to New York nine years ago from the Victoria branch, having previously been manager of branches at other places in British Columbia.

P. C. Harrison succeeds Mr. Oliver as second agent, going to New York from Vancouver, where he held the position of assistant manager. He entered the service of the bank in 1903, having been for the previous five years with Molson's Bank. He has also seen service in the Bank of British North America in various parts of Canada.

Statement as of Oct. 1, 1913.

Statement of the ownership, management, etc. of The Bankers Magazine, published monthly at Boston, Mass., required by Act of August 24, 1912. Editor and managing editor, Elmer H. Youngman, 253 Broadway, New York; business manager, J. R. Duffield, 253 Broadway, New York; publisher, Bankers Publishing Co., 127 Federal st., Boston. Owners holding 1 per cent. or more of total amount of stock: Geo. T. Lincoln, 127 Federal st., Boston, Mass.; W. C. Warren, 253 Broadway, New York; Edwin W. Ingalls, Lynn, Mass.; W. H. Butt, 253 Broadway, New York; E. H. Youngman, 253 Broadway, New York; J. R. Duffield, 253 Broadway, New York. No bonds or mortgage.

W. C. WARREN, President.
Sworn to and subscribed before me this 30th day of Sept., 1913.
Robert DeB. Lincoln,
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THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-SEVENTH YEAR

DECEMBER 1913

VOLUME LXXXVII, NO. 6

The Banking Bill

Goes Over to the December Session of Congress

THOUGH the chairman of the Senate Banking and Currency Committee expressed the view last summer that a banking bill would be enacted in time for the fall crop-moving, the measure still languishes in the Senate at the time this is written. Some amendments have been proposed after protracted hearings before the Senate committee. Whether these changes will be approved by the Senate itself, or if approved by that body will receive the sanction of the House, cannot now be foretold. A substantially new bill may emerge; or, on the other hand, the bill may be passed as it went through the House. In the latter event, the measure may not become operative unless the subscription to the capital stock of the Federal Reserve Banks is opened to the general public as well as to the banks. It would certainly be unfortunate to enact a banking law that would prove impracticable.

While a number of minor criticisms of the bill have been made, the chief objections on the part of the banks seem to lie in the compulsory subscription to the stock, the giving up of so much of their deposits to the new competing banks, and to the virtual setting up of Government management. The method of issuing the notes and the "lawful money" redemption are also strongly opposed.

If the public were allowed to contribute a large part of the capital, it might not take so much from the banks; and yet, it would perhaps require considerable withdrawals or fresh loans for the stock to be subscribed in this way. The other objections to the measure might be overcome by the display of a spirit of conciliation upon the part of the Administration. There seems to be ground for the charge that the underlying features of the bill are based upon hostility toward the banks, especially those of the large cities. But a careful examination of the bill reveals the fact that the country banks will suffer most.

An overturning of banking relations, such as this bill proposes, is a very serious matter, and it will be rendered more serious by introducing prejudice and anger as factors in the problem.

Inasmuch as the bankers themselves are called on to carry out the provisions of the bill, if enacted, it seems that Congress ought to listen most patiently to the suggestions they have made for its amendment. Even should all these amendments be accepted, it may be open to question whether the proposed revolution in our banking system at this time is wise.

The recent efforts of the Congress to enact financial legislation seems to us to be a case where men are vainly try-

ing to do something because they believe that something ought to be done, but have very hazy ideas as to how to do it.

Currency Legislation Causing Apprehension

Complete Banking Readjustment Uncertain in Its Effects

NO doubt friends of the Administration at Washington will ascribe to the banks responsibility for the feeling of insecurity that pervades the country on account of the uncertainty caused by the course of attempted financial legislation. It will be claimed that the banks, by opposing a bill calculated to take away some of their privileges, are trying to embarrass the Administration by preventing the carrying out of the programme in regard to banking legislation.

Such a feeling, whether justified or not, is unfortunate. The basis for it ought to be carefully examined.

There are in the United States many well-meaning persons who look upon banks as public enemies. This hostility directs itself more particularly against the big banks, those of New York above all others. If the Glass-Owen bill should fail, upon these banks would fall the chief blame, although the opposition to the measure seems as bitter amongst the country banks as in the cities; but it will be charged that the country banks are inspired by their city correspondents whose wishes they dare not disregard.

Some of the provisions of the Glass-Owen bill appear to be designed for the especial purpose of punishing the larger banks of the United States. That these banks should resent this is but natural.

One effect of the bill, should it be-

come a law, would be a tendency to discourage the creation of large banks, and yet the great fault of our banking system is its lack of banks in New York, Chicago, St. Louis and San Francisco with resources large enough to discharge the functions imposed upon them by the marvellous growth in the country's banking, commerce and industry. It is remarkable that New York has not a bank of at least one hundred million capital and resources of from five to ten times that amount. And, in proportion, larger banks are required in the other cities named, and perhaps in some additional ones.

Very likely, were such banks formed by consolidations or by increase of capital, the cry of "monopoly" or "monster" would be raised. And yet that is the only remedy—bigger, stronger banks—for the situation cannot be met by the smaller institutions.

This fact is realized and lies at the basis of the proposal to organize a series of regional banks or to create a large central bank.

It is doubtless believed in Washington that it would be dangerous to the country to permit the existing banks to set up an institution of sufficient size to meet the demands of present-day finance. The sponsors of the pending bill think that Government control, amounting to management, is essential to protect the people.

A complete and radical reconstruction of a country's banking system is a serious thing. The readjustment is bound to cause apprehension of results which may or may not be realized.

With the bill before the regular session of Congress, it may drag along for several months. But if the committee amendments are accepted by the Senate and House, the measure may get through in a reasonable time.

Even if the bill passes, a considerable period must intervene before the

new system gets into successful operation. Suits to delay compulsory subscriptions to the capital of the reserve banks may be expected, and under the most favorable circumstances the reorganization of banking operations which the bill contemplates will be a slow process.

A measure that would remedy the admitted defects of our banking and currency with fairness to the people and to the banks, and that would endure the test of experience, would certainly be of inestimable benefit all round. We do not believe the Glass-Owen bill will do this, nor do we think a central bank the right remedy. Coöperation through clearing-house organizations seems to us the more sensible plan. But both elements in Congress seem little inclined to abandon their purpose of centralizing the country's credits.

A Bad Basis for Banking

Paper Capital for the Federal Reserve Banks

IF there is any one lesson clearly deducible from American banking experience, it is this, that an indispensable element of safety in the banking business is an adequate capital equipment. And yet despite this lesson so plainly taught by our history, we are going ahead and ignoring it.

To those who think this exaggeration or prejudice, we suggest a careful reading of some testimony published on succeeding pages, and taken from the hearings before the Senate Banking and Currency Committee. If we are able to understand language, and the interpretation given of the bill by one of its framers is correct, the measure contemplates that a large part of the "capital" for establishing these Federal Reserve Banks is to be obtained by

borrowing from these banks the funds needed to enable the subscribing national banks to take up their capital allotments!

We do not think comment upon this proposal is necessary, but we do ask the readers of this MAGAZINE to study carefully the statement referred to, printed elsewhere under the head of "Getting the Funds for the Reserve Banks," and to determine for themselves whether the proposed method of obtaining the capital for these banks squares with sound banking principles or not.

Bankers Finding Their Voices

Leading Bank Officers Speak! Up for Their Business

FOR a time it seemed that the bankers of the country were going to remain dumb while their business and character were being attacked by pseudo-professors of political economy, junior statesmen, Chautauqua lecturers, hired investigators and all the brood of agitators who live, move and have their being by stirring up hostility against any man who has earned a dollar and saved it. But at last the bankers have found their voices and are using them with good effect. The cue was given by ARTHUR REYNOLDS in his address as acting president of the American Bankers Association at the recent Boston convention. Mr. REYNOLDS did not mince matters in defending the banks of the country from the assault made upon them by the Glass-Owen bill, and Mr. HEPBURN in his report as chairman of the currency commission, presented at the same convention, unsparingly denounced the measure as socialistic and confiscatory. GEORGE M. REYNOLDS and FRANK A. VANDERLIP, speaking at the Chicago convention of

the Investment Bankers Association, also denounced certain features of the bill, and Mr. VANDERLIP, speaking more recently at New York, condemned those who were seeking to identify the New York banks with some iniquitous financial group vaguely classified as "Wall Street."

It is quite time the bankers of the country were waking up to the seriousness of the political attacks made upon them. The banks have absolutely nothing to fear, because they have done and are doing nothing inimical to the public welfare; but on the contrary have been of immense service in building up commerce and industry in all lines and throughout all sections; and the more widely this fact becomes known, the surer will the banks receive just treatment at the hands of Congress.

The banks not only expect but welcome Governmental regulation of their business, yet this does not imply that they will consent to any confiscation of their capital nor to any arrangement that seeks to take out of their own hands the actual management of their business and turn it over to the short-grass statesmen, political economists, professional investigators, currency experts and printing-press money advocates who are so loudly clamoring for the enactment of the Glass-Owen bill against the practically unanimous protest of the bankers of the country.

Another Financial Crime

**Stocking-Footed, Surreptitious, Enemy
of the Plain People Gets in His
Work**

ON horror's head horrors accumulate. Again that silent, oleaginous, velvet-footed, mysterious minion of the money power has put in one of his fine

strokes and noiselessly betaken himself to vulcan's stithy.

It was at Baltimore in July, 1912, when it was so hot that the oysters and terrapin from the Chesapeake were vainly trying to catch a cool breeze along those winding shores.

The great popular champion of the people had glared at Mr. MURPHY, Mr. RYAN, Mr. BELMONT and all the representatives of profitable politics and predatory wealth and by the fiery glitter of his eye had cowed them into submission. State after State swung into line, and the people's victory was won.

Alas! the successes of this world that turn to Dead Sea apples on the lips.

The great modern Magna Charta of 1912—the Democratic national platform—had been written by the great Commoner and Chautauquan himself, signed, sealed and locked up in a safe-deposit vault. Here was the fatal blunder. Around those purlieus of Mammon lurked that servant of monopoly, that enemy of the people, who surreptitiously demonetized silver in 1873—the author of the "seven financial conspiracies." He saw that the hour for enslaving the people had come. Dipping his pen in gall, he pierced through the impenetrable walls of steel that enshrined the sacred charter of liberty, and here is what he did. The platform had been prepared to read:

"We are opposed to the Aldrich plan or a central bank."

With one deft stroke of his pen, he prefixed an "f" to the word or, and the fatal work was done.

The platform went through without this awful work being detected, and the rascal who did it—a leading Senator declares—is still unknown.

We take pleasure in dragging him into the light of day. It was the sly, stocking-footed monster who goes about with a dark lantern putting in a letter.

a word, a line or a sentence—or erasing them as may best suit his fell purpose—in bills, platforms and what not; the author of the surreptitious demonetizations, the conspiracies, whose deeds have enthroned the money power and

baffled the heroic champions of the people.

A case of grape juice is offered for the capture of this monster and his return to a well-known address at Washington.

Getting the Funds for the Federal Reserve Banks

Where the Money Comes From and How It Is To Be Obtained

ONE of the questions of most importance in connection with the new Federal Reserve Banks, contemplated in the bill now before Congress, is this: How is the money to be had for getting these new banks going? This problem was discussed in a most interesting way in the hearings before the Senate Banking and Currency on October 24, the witness under examination being Professor H. Parker Willis. Below are given extracts from the testimony:

Senator Hitchcock—As a matter of fact, would there not be a great advantage to the American system of banking if we could add \$100,000,000 to the banking capital of the country, instead of simply taking it off at one place and putting it in at another?

Mr. Willis—That is a matter I intended to speak of. The private subscribers, of course, would have to get their money somewhere. They will get it by drawing on their deposits in banks, so it will come to about the same thing—the banks will have to provide the money.

Senator Hitchcock—There is a vast difference between their taking their own funds and having their customers withdraw theirs.

Mr. Willis—Does it not come to about the same thing in its effect on the reserves of the banks?

Senator Hitchcock—I want to ask you this: Suppose there is a community which has three banks of \$1,000,000 capital each and another bank of \$1,000,000 capital is established there. Does not that add \$1,000,000 to the banking capital of that community?

Mr. Willis—It has to be obtained from some source.

Senator Hitchcock—But does not that add \$1,000,000 to the banking capital of that community?

Mr. Willis—It does, if it is drawn from some outside community.

Senator Hitchcock—Regardless of where it is drawn from. It may be taken out of building operations or safety deposit vaults—

Mr. Willis (interposing)—If that is done it adds to the banking capital.

Senator Hitchcock—Would it not be a good thing if we could add \$100,000,000 to the banking capital of the United States?

Mr. Willis—Certainly, if you could be absolutely sure of getting new capital.

Senator Weeks—Let me suggest this, too, Mr. Willis: If the banks subscribe to the stock themselves they are reducing their capital that amount. If their customers draw money out of the bank and subscribe for the stock the bank is reducing its liabilities that much.

Senator Shafroth—But if you had

outside capital come in the directors would have to be changed. It would not be right for the banks to name them. There would have to be a different system of electing directors.

* * * * *

Senator Nelson—I called your attention a moment, perhaps out of place, to the fact of the discrimination in the deposit of reserves of the member banks with the regional banks. The country banks are required to deposit their proportion of the reserves immediately in the regional reserve bank, while the banks in the reserve cities and central reserve cities have sixty days in which to do it. That is, the country banks must plank down their share immediately, while the other banks, the big banks, have sixty days. Do you not think that is an unjust and unfair discrimination against the country banks?

Mr. Willis—If that is the meaning of it, I do.

Senator Shafroth—I think, Senator, the reason there was a discrimination made there is because the country banks usually carry a higher percentage of reserves in their own vaults; and the city banks having to be drawn on for such a large amount it was contended, I think, that they should have a little more time to replace the amounts that are withdrawn.

Senator Nelson—I call your attention to paragraph (a) on page 36:

If a country bank, as defined by existing law, it shall hold and maintain a reserve equal to twelve per cent. of the aggregate amount of its deposits, not including savings deposits herein-after provided for. Five-twelfths of such reserve shall consist of money which national banks may under existing law count as legal reserve, held actually in the bank's own vaults; and for a period of fourteen months from the date aforesaid at least three-twelfths—

I call your attention there to the three-twelfths; for a period of fourteen months from the date aforesaid they are to keep that.

Mr. Willis—Yes.

Senator Nelson—Now, turn to the next page and you will find in line 22: "After sixty days from the date aforesaid, and for a period of one year, at least three-eightieths and permanently thereafter," etc.

Mr. Willis—Yes.

Senator Nelson—Now, you see in the one case the big banks have sixty days in which to deposit three-eightieths, while the others must deposit three-twelfths immediately.

Mr. Willis—I see what you mean, Senator; I did not understand when you first spoke of it. The idea was this: You notice that the country bank is let down at once from fifteen to twelve per cent. You see, its reserve then is released instantly.

Senator Nelson—But the city banks are released from twenty-five per cent.

Mr. Willis—At that time, but they have to provide this three per cent.; they have to furnish it right away.

Senator Nelson—That is not true as to all country banks.

Mr. Willis—What is not true?

Senator Nelson—That they are assuming they furnish it to the country banks.

Mr. Willis—I think the natural course of events under that provision, Senator, would be this: A is a country banker with \$100,000 of deposits outstanding. Under existing law he has to keep fifteen per cent. reserve. Now, we will assume he is down to the legal minimum; he has \$6,000 in cash in his vaults, and he has \$9,000 on deposit in Pittsburgh, we will say. Now, this bill is passed. Under this law he has to keep twelve per cent., of which three per cent. has to be in the reserve bank. Now, the natural thing for him to do would be to sit down and draw a check on his Pittsburgh correspondent and forward it to the reserve bank.

Senator Nelson—But you overlook the fact that a great many country banks keep most of their reserves at home. You are assuming that they keep everything above the six per cent. in other banks.

Mr. Willis—Yes, sir; but the figures

show that the great majority of them do that. I have no doubt, Senator, that in this case and a great many other cases throughout the bill there would be individual instances of hardship and injustice.

Senator Nelson—Why should not these country banks have sixty days in which to deposit the three-twelfths as well as the big banks have sixty days to deposit their three-eighths?

Mr. Willis—You have to make a start in your shifting of funds at some time.

Senator Nelson—But you should not make a start by making the little banks the victims.

Mr. Willis—As I said before, Senator, if that is true in any considerable number of cases—

Senator Nelson (interrupting)—Did you observe this when you framed the bill?

Mr. Willis—This section was changed more or less in committee, and I think there is no harm in saying that the language here used is not precisely the language that I myself would have used. I do honestly say, however, that there is, so far as I can see, no general hardship inflicted on the country banks that is not inflicted on others.

Senator Reed—Now, let us say the country bank, having already a portion of its funds in the reserve bank, will draw those funds out. That will impose a burden upon the reserve bank, and therefore the reserve bank ought to be allowed an additional time in which to pay its own reserves?

Mr. Willis—Yes, sir.

Senator Reed—Did it ever occur to you that if you required the country banks to deposit at once, that that simply hastens the hour when the reserve bank would have to produce that money, and, therefore, that you did not help the reserve bank a bit by that process?

Mr. Willis—You mean when the present correspondents would have to produce the money?

Senator Reed—In other words, to use an illustration, it is going to be required that you contribute \$50,000 to a certain fund, and that I shall con-

tribute \$25,000, and I have \$10,000 of my \$25,000 with you.

Mr. Willis—Yes.

Senator Reed—Therefore, the assumption is that I will draw on you immediately. Now, if you say to me I must contribute that immediately, I must therefore demand from you immediately?

Mr. Willis—Yes.

Senator Reed—And just in proportion as you make me pay quick, I make you pay quick. I do not see what you gain.

Mr. Willis—I see what you mean. It is quite possible that the language there is not satisfactory.

Senator Reed—It is true that the country banks do deposit, in the aggregate, a considerable portion of their reserves with the ordinary reserve banks of reserve cities, is it not?

Mr. Willis—Yes.

Senator Reed—And it is true that the reserve banks in the reserve cities keep large deposits in the central reserve cities?

Mr. Willis—Yes.

Senator Reed—This bill—it is also true that each dollar of bank money—money that is in banks, carries, on the average, about \$8 of credits, is it not?

Mr. Willis—I think so; yes, sir.

Senator Reed—Now, if the country national banks have in their vaults \$1,160,000,000 of the money of other banks, which is largely the reserves of other banks, and they are required to suddenly remove those moneys from those banks, where are the banks going to get that vast sum of money?

Mr. Willis—Senator, that is a very pertinent question, and I think if there is one thing in a great piece of legislation like this which is more important than another, it is this—that this is probably the most important question in the whole bill.

If you have looked into the report made by the House Committee on Banking and Currency on this subject, under the head of reserves, you may have noticed there the computations

which are made there. To sum those up briefly, it seems to me that the whole problem comes down to this: Is the total amount of cash needed under the new legislation greater or less than the total amount of cash needed today? The cash has got to come from somewhere, and if it is not available, it would have to be imported or else drawn out of ordinary circulation. The computations there seem to me to show that, allowing for the release of Government funds which would be deposited in the banks, although they are now tied up in the Treasury, the banking community would find itself about where it started, after it is put through.

Senator Reed—After it is put through?

Mr. Willis—Yes.

Senator Reed—I am not talking about after it is put through. I understand perfectly well that if this \$1,160,000,000 of money that is now deposited with the national banks was safely transferred to the vaults of the Federal Reserve Banks there would be just as much banking capital available then as there is now, because after that had been done the banks of the system could rediscount their paper and secure cash.

I am talking about the process of formation. Let me illustrate it. I think these figures which I am going to quote, are substantially correct, although they may be very far from the exact figures. I may be confused about them in my memory, but I am not going to wait to hunt them up, but they will serve for the purpose of illustration.

I think the banks in Kansas City alone have of country bank deposits about \$52,000,000. Of that sum, I think, about \$35,000,000 represents the reserves of country banks; and of that \$35,000,000, under the provisions of this bill, there would have to be transferred about \$22,000,000 into the Federal Reserve Bank by the country banks. That would necessarily imply a withdrawal by the country banks from the banks of Kansas City alone of that

\$22,000,000, in order that they might be prepared to send it on to the regional reserve banks.

Mr. Willis—Will you allow me to interpose there?

Senator Reed—Yes.

Mr. Willis—Your regional bank would probably be located in or close to Kansas City?

Senator Reed—The probabilities are—I just guess that there will be one at St. Louis.

Mr. Willis—Yes.

Senator Reed—And not closer. Of course, it ought to be in Kansas City, because it is close to Kansas, and because it does more business than any other town of its size in the world.

Senator Hitchcock—Except Salina, Kans. [Laughter.]

Mr. Willis—I quite agree with you, Senator Reed.

Senator Reed—Those are the cold features, too. But this \$22,000,000 now is loaned out to business men in Kansas City.

Mr. Willis—Yes.

Senator Reed—It is loaned to business men in Kansas, in Oklahoma, and in all that section of the country, to cattle men, to merchants, and to every class of people. And it carries, as I understand, this banking capital carries a vast amount of credits.

Mr. Willis—Yes.

Senator Reed—Now, if there is no place for the banks of Kansas City to get that money from except two sources, and one is to contract their loans and the other is to withdraw a part of the money from eastern banks, which, of course, bring trouble to them—if that was to go on over the entire country, taking in Cleveland, Cincinnati, Omaha, San Francisco and Los Angeles—and there is no use naming the list, because your mind will grasp it—what do you think would happen?

Mr. Willis—Senator, I think the conditions produced in that way would be so inconceivably worse than any business disaster we have ever had in this country that they could not be spoken of in the same breath.

Senator Shafroth—If it all had to be done at one time?

Mr. Willis—Precisely.

Senator Reed—I am coming to what has to be done.

Mr. Willis—May I make a comment right there?

Senator Reed—Yes.

Mr. Willis—I think you said they could look for aid from two sources, first, the curtailment of loans, and second, by withdrawing it from eastern banks.

Senator Reed—Yes.

Mr. Willis—I would suggest a third source, and the one which I believe if one were an active banker he would avail himself of. The banker would probably go to the regional reserve bank, or the Federal Reserve Bank—I prefer the latter term—and secure from it a rediscount of paper in his possession to such an extent as conditions would warrant. He would then retain such cash as he had as a basis for further operations.

Senator Reed—You have not made any provisions in this bill for the rediscounting of paper until the bank is organized and ready to do business, and as a condition precedent to the opening of its doors for business you have required the deposit of this money with it.

Mr. Willis—You mean to say that the deposit has to be in hand before the bank can do business?

Senator Reed—You require, first, payment of the money. You do not say the payment of the money or deposit of securities?

Senator Nelson—Your theory would lead to allowing them in depositing their reserves to deposit commercial paper instead of cash?

Mr. Willis—To such an extent as the reserve bank thought it wise to permit.

Senator Nelson—Does the bill permit that?

Mr. Willis—Yes; it does.

Senator Nelson—Instead of putting in the cash they can discount paper for that?

Mr. Willis—In so far as the reserve bank chooses to permit that.

Senator Reed—You say the bill permits that? Will you cite me to the clause?

Mr. Willis—I cannot cite any one clause, but the provisions are these: A bank has to keep a specified amount of reserve—call it twelve per cent. in the case of the country bank. That reserve is to consist to the extent of five-twelfths of actual cash, which under existing law may be counted as legal reserve held actually in the bank's own vault (you will find that provision on page thirty-six, beginning at line twenty). Then the bill is specific, and it says:

and for a period of 14 months from the date aforesaid at least three-twelfths, and thereafter at least five-twelfths, of such reserve shall consist of a credit balance with the Federal reserve bank of its district.

Senator Reed—That is another question. I am talking about the primary organization.

Mr. Willis—May I just finish that?

Senator Reed—Certainly.

Mr. Willis—The words "the date aforesaid" refer back to the first line or two of section twenty, where it says:

That from and after the date when the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the fact that a Federal reserve bank has been established in any designated district, every banking association within said district which shall have subscribed for stock in such Federal reserve bank shall be required—

And so forth.

My interpretation of that language is this: The banks must first put up the capital necessary to organize this Federal Reserve Bank. When the capital is in hand and the institution is ready to open its doors the Secretary of the Treasury announces the fact that it is ready to do business. And then, and from that time forward, the country bank must have five-twelfths of its reserve on hand in cash in its own vaults and three-twelfths on hand in the form of a credit balance on the books of a Federal Reserve Bank, we will say, at Kansas City.

The Federal Reserve Bank in Kansas City is opened, and the country

banker somewhere near has taken stock in the Federal Reserve Bank. He has received his certificate of stock and has contributed, we will say, \$10,000 to pay for it. On the first of October, 1914, let us say, he receives a notice from the Secretary of the Treasury that the Federal Reserve Bank is ready to do business. It is necessary for him then to comply with the law. I should think that would mean that by return mail, or as soon as reasonably convenient, he would do one of two things—send to the Federal Reserve Bank a certified or a satisfactory check or would otherwise remit, or else he would see the Federal Reserve Bank and get it to give him a rediscount of satisfactory paper to the amount he needed.

Senator Reed—How would you do it under this bill? Here is the language, Mr. Willis:

That from and after the date when the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the fact that a Federal reserve bank has been established in any designated district, every banking association within said district which shall have subscribed for stock in such Federal reserve bank shall be required to establish and maintain reserves as follows:

(a) If a country bank as defined by existing law, it shall hold and maintain a reserve equal to twelve per cent. of the aggregate amount of its deposits, not including savings deposits hereinafter provided for.

That twelve per cent. is certainly the legal reserve now referred to and is of the same character of the legal reserve now referred to, to wit, it must be cash on hand, and that cash must be gold.

Senator Nelson—Or lawful money?

Senator Reed—Or lawful money. Now, it says:

Five-twelfths of such reserve shall consist of money which national banks may under existing law count as legal reserve, held actually in the bank's own vaults; and for a period of 14 months from the date aforesaid at least three-twelfths and thereafter at least five-twelfths of such reserve shall consist of a credit balance with the Federal reserve bank of its district. The remainder of the twelve per cent. hereinbefore required may, for a period of thirty-six months from and after the date fixed by the Secretary of the Treasury as herein-

before provided, consist of balances due from national banks in reserve or central reserve cities as now defined by law.

Now, we have a law and it requires the bank to keep a certain per cent. of cash in its own vaults, or in the vaults of reserve banks, and now it requires the deposit with the Federal Reserve Bank of a portion of the reserve, which it says must be a credit balance. It also uses the same term "credit balance" with reference to the money now deposited with other banks, and that has never been construed to mean that they could put up notes. It is also construed to mean that they must have that much cash to their credit, and I do not think there is any question that this has to be cash.

Mr. Willis—I feel very sure that that latter point is in accord with existing practice.

Let us imagine to-day that a bank is notified by the Comptroller that it is \$10,000 short in its reserve. Let us suppose that bank has the necessary amount of cash in its vaults—that is, six per cent.—but its reserve balance with its reserve agent is below the necessary amount, so that its return to the Comptroller is insufficient. There is nothing to prevent, in my understanding, subject to correction—there is nothing to prevent this bank, under this bill, from getting that reserve in this way if it desires. It goes to its city correspondent and asks for a loan, say of \$10,000. The city correspondent asks it to supply satisfactory collateral, which is furnished, and thereupon the correspondent credits it with \$10,000 on its books. In that case it has a deposit with its city correspondent, and has filled up its reserve to the required amount. The Federal Reserve Bank would do just the same thing, as I understand it, that is now done in that way by the city correspondent. You see what I mean?

Senator Reed—Of course the city correspondent, being a regular bank for all purposes, can loan to another bank a certain amount of money, but when it has so loaned, the money becomes

the money of that other bank, and is held as cash.

Mr. Willis—And the same would be true of these banks.

Senator Reed—But you have not gotten past the difficulty at all of the contraction which occurs during the primary organization of these banks. Do you not think this bill ought to be amended so that that money is paid in more gradually?

Mr. Willis—That is a point I have gone over many times with a great deal of care, and here again I think there is no harm in stating that at one time the bill contained a provision for the gradual payment of deposits into the Federal Reserve Banks. It should also be stated, however, that at that time the amount of the total reserves required was larger than it is now. The reserve was released later down to the level where it now stands, and intermediate stages were eliminated.

Answering your question specifically, I think there would be no serious harm, and there might be some benefit, in spreading this operation gradually over a longer period in just the way you suggest; but I do honestly believe, from the computations that have been made, that the reserve provisions as given here now would not cause a contraction, unless the banks became over-anxious and attempted to hoard money for some unexplained reason so that there was a shortening of credit. That might occur, Senator, under any condition, if the banks took it into their heads to do that.

Senator Reed—We are making a reason for it. We do not want to make one of the conditions.

Senator Hitchcock—I would like to ask you, Mr. Willis, how the Federal Reserve Bank would be able to maintain a thirty-three and one-third per cent. reserve if its deposits were paid in paper?

Mr. Willis—Of course, Senator Hitchcock, the bank under this plan would start off with its capital. It has to maintain a thirty-three and one-third per cent. reserve. Assuming that

the total capital of all these banks was \$100,000,000—and it would be a little more than that if all the national banks went in—then they could grant discounts of \$200,000,000. It would also have very shortly Government deposits which would be in cash, and would enable it to extend its discounts somewhat further.

Of course I do not want to say anything to indicate a belief that all its holdings would simply consist of these rediscounts. I say it might do that, and I think it should do it in all those cases where it was necessary to lighten the requirements in any given section in order to enable the banks to comply with the law without contracting the supply of loans in that district. Just how much that would be no one can state absolutely.

But what is very important, Senator, is to make absolutely sure that the total amount of money called for at any one time in the process of putting this into effect is not greater than the total amount of money required to comply with the reserve requirements to-day.

I have said to Senator Reed that I do believe that that condition is fulfilled by the existing provisions. If, however, on further evidence or additional study, this committee feels that the period of transfer would cause a hardship in the form of contraction of loans, I am absolutely in accord with what has been suggested—that is, that the process should be spread out over a longer period and be carried through more gradually.

Senator Reed—What do you say about ten per cent. of the capital of banks which shall be contributed in order to get a billion dollars of credits? Does not that necessarily involve a contraction on the part of the banks in order to transfer that fund over?

Mr. Willis—Senator Reed, of course every investment of capital involves the application of that capital to a specified purpose. A hundred million dollars, taking the general capital commitments of the country as a whole, is not a large sum. If you take the total

capital issues of the country for a year, \$100,000,000 is not a great sum, and I think that considering the provisions for the release of reserves it could be effected without any hardship upon the country. I am fully in accord with the statement made by bankers that they will get less money—that is, their income will be less on the investment which they make in this way, even if they get fully six per cent. thereon, than it would be if they were allowed to go on using this money in loans at the rate at which they are now lending.

Senator O'Gorman—Would it be practicable to reduce this ten to five per cent.?

Mr. Willis—Senator O'Gorman, I suggested a few moments ago—I think you were out of the room—

Senator O'Gorman (interposing)—I was present, but I did not hear your suggestion.

Mr. Willis—I suggested that while I thought the ten per cent. was not too much, that I did not think it would do serious harm to cut it down somewhat.

Senator O'Gorman—Let me ask you what would be the objection to having the public furnish the capital for these regional banks?

Mr. Willis—That question was raised

before, and I will answer that very frankly. That question is one which has given me a good deal of concern, also.

These banks are not central banks, in the sense in which that term is rightly used. They are organizations of reserve holders. Now, the more you let the public in and the more you let the banks out, the more these reserve banks approximate to the status of ordinary banks, and the more they get away from the status of reserve-holding associations of banks. In my judgment, it is very desirable, absolutely desirable, if possible, if you can do it, by any reasonable arrangement that conforms to public opinion, to get the banks to go in and take up the stock, because they will be, I think, more interested in the situation, and will come in more freely and will coöperate in the operation of the institution afterwards.

Senator O'Gorman—Do you not think it would be more attractive if the banks were able to get the benefits without contributing anything except the deposit of their reserves?

Mr. Willis—It might be; but the system would lose its purpose in part as a reserve banking system.

Good Word for the Boston Clearing System

AT the meeting of the clearing-house section of the American Bankers Association in Boston, Ralph Van Vechten, vice-president of the Continental and Commercial National Bank of Chicago, and president of the section, paid this tribute to the Boston system of clearing checks:

"Boston has given us the most approved and economical system for the handling of country checks that there is in existence. Under that system the clearing-house of Boston reduced the cost of handling country checks over the entire territory of New England, from seventy-five cents a thousand to seven

cents a thousand. I mention these things to show the progressive ideas of this great city. Along with that there has been a conservativeness in principle, and all sound progressiveness is conservative at heart, because it safeguards the public.

"Boston has also given us Mr. Charles Ruggles, the manager of the clearing-house, who has been an active member of this committee for many years and also president of the section. He has, I think, done more for the clearing-house section than any other man."

A Method for Stopping Unnecessary Withdrawals

BY W. R. MOREHOUSE, ASSISTANT CASHIER GERMAN AMERICAN TRUST
AND SAVINGS BANK, LOS ANGELES, CAL.

"Too many bankers are being misled by success in securing hundreds of new depositors; whereas, if they would deduct the withdrawals, and thus arrive at the net gain, the result would be so insignificant that it would tend to give them the right perspective of the situation as it is."

OUR progressive bankers may continue to work overtime getting new business; but unless they check withdrawals, the net gain will be small. The real situation in most cases is that many accounts and thousands of dollars in deposits slip away unnoticed by the banks that disregard the closing of accounts. It is important that bankers give thought and consideration to this matter, for it is one that concerns every bank. It is commendable for the banks to be aggressive in securing business which would not ordinarily come to them; but this spirit is too often entirely offset in results by indifference to the many accounts closed daily.

THE OLD DEPOSITOR AND THE NEW.

Is it not true that the depositor who withdraws his account to place it elsewhere or invest it is worth more to the bank than any new depositor it may get? With him business relations are well established. He is familiar with the bank's policy, and the bank knows something of his business reputation and pecuniary strength. How different with a new depositor! There is much preliminary work to be done, and this, if thorough, involves much time and some monetary outlay.

Thus we see that it is mutually advantageous that the relations with an old depositor should not be severed.

Consider for a moment what it means to a bank to have amiable relations of long standing severed. It results not only in direct loss of desirable business, but also of good will and influence. It means much to have to recall a pass-

book, close out the account, and file the records with the "dead stuff." It may be all well and good if the account is to be reopened, but if permanently closed, owing to some dissatisfaction or for lack of appreciation, the loss is serious. True, the business of only one depositor may not be large in dollars and cents; but who can measure the value of his influence? Therefore, his loss may not be lightly considered.

If a depositor seeks revenge by reciprocating what appears to him an intentional wrong, he may be successful in prejudicing many others whose accounts in the aggregate mean a material loss. The hardest "knockers" of any bank are those who at one time were its most zealous "boosters," and since "knocking" is usually more effective than "boosting," every bank should guard against making enemies. Often the loss of one member of a family ultimately results in the withdrawal of the accounts of the whole family, and not infrequently of relatives and friends in addition.

APPARENT GAIN OFTEN A REAL LOSS.

If a prosperous bank lost only a depositor occasionally through dissatisfaction, this subject would only need ordinary attention, but losses are too numerous to pass them by lightly. It is easy for our progressive banks to have a wrong perspective regarding what might constitute their success. Success can never be attained by the bank which loses through careless indifference nearly as many accounts as are

opened in its new account department. A substantial growth depends absolutely on getting many new and desirable customers without losing more than a very small number of old depositors.

Again, the banking business as a whole is injured by withdrawals through dissatisfaction, for not all of the money withdrawn on this account is redeposited in the banks, but a large part is injudiciously invested in worthless securities.

DISCOVERING THE REAL CAUSE OF LOSSES.

There are many excuses given for these losses, chief among which are those of lack of equipment, undesirable locations, inactive directors; but these reasons are as a rule only shams that attempt to cover the real cause.

One reason why some banks have not yet discovered wherein the real cause for losses lies is that they place too much confidence in the ability of the tellers to retain their business, when the truth is that not all tellers have that tact which conserves business. As a matter of fact, few tellers have the requisite time to deal effectively with cases as important as those of closing accounts. As a class tellers are honest, of course, but seldom to that unnatural degree which would prompt them to confess to the bank manager that they were partly to blame for the withdrawal of certain accounts; even the manager himself would probably consider a teller of this calibre a freak if not a fool for thus exposing and condemning himself.

It is a safe rule to go by that tellers will permit dissatisfied depositors to withdraw their accounts without arousing the suspicion of the manager; thus he is likely to greatly underestimate the number of accounts which might be retained were the treatment adequate. It is no uncommon occurrence for the manager to find it necessary to apologize for the seeming misconduct of some employee; and while cases of this kind are common, how very common these complaints would become if all depos-

itors who now withdraw their accounts unnoticed would bring their grievances and lay them before him.

DEPARTMENT FOR THE CLOSING OF ACCOUNTS.

If the new account department is essential as the channel through which new business may come, and it is more important to retain an old depositor than secure a new one, most assuredly it can be of no less importance to have a department for the closing of accounts.

As the functions of the new account department are not confined to opening accounts, but also include the devising of ways and means for getting more new business, so ought the functions of the department for closing accounts to be twofold, viz., closing accounts and providing means for retaining business which would ordinarily be lost. As the pulse of a man discloses irregularities, so will this department disclose any irregularity in the bank's service. There is no better means of testing the quality of service a bank is rendering than through those who are dissatisfied; and inasmuch as a closing accounts department deals exclusively with this class of depositors, it will easily be ascertained whether the tellers are at fault, and which are the best business conservers.

Unfortunately, too many banks underestimate the value of knowing the quality of service rendered, notwithstanding in this day of highly competitive banking success depends largely upon the efficiency of service given. Nothing will show up the "leaks" so quickly as a closing department in the hands of a competent person, even if a depositor is occasionally met who is unwilling to disclose his reason for withdrawing. And furthermore, this department would not only detect the inefficient teller, but it would exercise a stimulating effect on the employees as a body. This moral effect alone would more than remunerate the bank for maintaining the department, aside from the value of the accounts retained.

TELLER MUST BE PECULIARLY ADAPTED TO HIS WORK.

The teller in a department for closing accounts must be well adapted to handling dissatisfied persons. He must be a diplomat with unlimited stores of patience and forbearance. He must have an unexcelled capacity for tactfulness in winning back to the bank all that has been lost by the inadvertence or misconduct of the teller; and to this must be added a personality which inspires confidence, so that his counsel and advice shall have the desired influence with the former depositor. He must be able to suffer defeat cheerfully and hopefully, for he cannot retain a few who are determined to withdraw; and he must assure these of the bank's interest and best wishes for success in whatever they choose to do.

In a genial manner he must assure the depositor that his business has been appreciated, and that it will afford the management pleasure to have the account return, making it clear that no rights are forfeited by the withdrawal which will not gladly be renewed whenever the customer so desires; that the bank will gladly identify him, cash checks or drafts, and serve him in any capacity, as it has been accustomed to do in the past. The entire success of this department depends upon the teller in charge, for unless he is unusually

efficient in all these qualifications, very little can be accomplished.

A letter worded similar to the following has been found effective in obstinate cases, when depositors have withdrawn in spite of the teller's efforts to the contrary:

Dear Sir:

We note that you have closed your account and trust it was not due to any inattention or lack of appreciation on our part. Our constant effort is toward efficient service and courteous treatment, and we hope you have received both.

Inasmuch as our relations are established, and preliminary work connected with opening an account already complete, it will, of course, be mutually advantageous for you to reopen your account here when in need of a depository.

In the meantime, if we can serve you in any capacity, do not hesitate to call upon us as freely as heretofore. We assure you of our appreciation of past patronage, and place our facilities at your command for any service we can render.

Yours very truly,

CASHIER.

In writing these letters the bank should never use a stereotyped form, or use any imitation of a typewritten letter. Such imitations are generally detected, and the effect is instantly lost. If the depositor is not worth the expense and time necessary to write him a typewritten letter, specializing in his case, it is far better that he be not written to at all.

Had Enough of It

THE youthful son of Frank C. Mortimer of Berkeley, California, has not yet acquired that thirst for political economy which causes his father to consume the midnight electric light in poring over Mill, Smith and other authors of light reading. One evening Mortimer, junior, was inveigled into attending a lecture on the "Dynamic Force of Static Income," or something

of that sort. He was gravely seated in the front row where he might fully experience the thrilling thrall of the lecturer's eloquent handling of this burning subject. He listened attentively for about five minutes, then arose and declared in a voice which all could hear, "Oh, come along; I've had enough of this."

Provision for Collection of Checks a Great Boon to Country Banks

BY NEWTON D. ALLING, VICE-PRESIDENT NATIONAL NASSAU BANK,
NEW YORK, AND FORMER PRESIDENT AMERICAN INSTITUTE OF
BANKING.

OPPONENTS of the Owen-Glass Currency bill attack the clause regarding the collection of currency checks, claiming that it is not only hostile to the interests of the country bankers, but also that the expense involved by the Federal

when Section 20, which requires the reserves of all member banks to be retained in the Reserve Bank in their region, is considered.

The only expense which would be left of the many which we have now would be the actual transfer of money from one section to another, and that would probably be only a fraction of what it is under the present system. Take, for instance, the shipping of currency which is necessary in the fall for crop moving from New York to the West; that outlay would be eliminated. New York would no longer hold the reserve for Western banks, but it would be held by Federal banks in Chicago, St. Louis, Minneapolis, Omaha, Kansas City, and Denver, each close at hand in its own district.



NEWTON D. ALLING

HOW THE SYSTEM WOULD WORK.

Reserve Banks assuming this collection without charge would be so great as to wipe out any profits that there might be in any other branch of the banking business. Those who take this view do not seem to grasp the fact that, if the Federal Reserve Banks are organized to receive on deposit at par, and without charge for exchange or collection, checks and drafts drawn by any of their depositors, all expenses are swept away. Still more is this so

The collection of checks would be simplified to a greater extent. A check for instance drawn on a bank in Joliet, Ill., and deposited in a bank in Poughkeepsie, N. Y., would be sent by the Poughkeepsie bank for its credit in the Federal Bank in New York, the Federal Bank in New York would send it to the Federal Bank in Chicago, which would credit the Federal Bank of New York, and charge the account of the bank in Joliet. The bank in Joliet will send all of the checks deposited with it outside its own city to the Federal Bank of Chicago for credit to its account, thus naturally providing funds at all times to meet checks drawn on it and redeemed by its reserve bank. The check drawn on a member bank would be offset by the checks which it sent to the Federal bank for collection, just as checks now sent to a local clearing-house are offset by those received from

the clearing-house by any member bank.

Thus would the member bank's reserve account always be kept in funds without the necessity of shipping a dollar of currency except in some exceptional circumstance. It would not be necessary for member banks to replenish their reserve account constantly at great expense by shipping currency, as has been erroneously stated by those who should know better. This clause in the bill will be the greatest boon to the country bankers that can or ever will again be granted to them. It will make their checks acceptable at par in any part of the country, on an equal footing with the largest New York bank. It will open the door to the markets of the country for local manufacturing and mercantile depositors. It will not be necessary for them

to keep their accounts in Albany or Philadelphia or New York to comply with that little request on most every statement, "Payable only in New York exchange."

It is high time that the banks of the country went out of the balance-swapping business and devoted their time to simple banking. The Federal Reserve Act will eliminate all of this unnecessary expense, and will collect or exchange all of the checks of the country for one-twentieth or less of the cost of to-day, and the tariff on business will be removed entirely. President Wilson spoke truly when he said that this bill would "strike the shackles off business." When he signs this bill he will with one stroke of his pen remove all the vexing problems of the collection of country checks.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

Recent Decisions of Interest to Bankers

Checks Drawn by Agent

AUTHORITY OF AGENT—WHEN BANK LIABLE.

Court of Civil Appeals of Texas, June 25, 1913.

W. R. MILLER & CO. VS. HOBODY ET AL.

Where a bank knows that the authority of an agent is limited to drawing checks in payment for spot cotton, it cannot charge to the account of the principal checks which it knows to have been drawn in payment for cotton futures.

THE plaintiffs were engaged in buying spot cotton at various points; and had in their employ one R. L. Hobdy, whose duties were those of a "take-up man," and whose express authority was to purchase spot cotton f. o. b. cars, and to pay for same by draft on them with bill of lading attached. Hobdy opened an account in the name of the

plaintiffs with the First National Bank of Comanche, and it was his practice to draw checks on the bank in payment of cotton purchased by him for plaintiffs, and when sufficient cotton had been purchased in this way to make a shipment, to draw on plaintiffs in favor of the bank with bill of lading attached. Later Hobdy began to speculate in cotton futures, and drew certain checks on the account in favor of the Comanche Cotton Exchange, which was the name under which a man named Beamer conducted the business of selling cotton futures.

RICE, J. (Omitting part of the opinion): It appears that Beamer succeeded one Gowan in the management of this cotton exchange, which was located on the ground floor just across the square from appellee's bank, was openly conducted during the fall

of 1904 and 1905, and liberally patronized by the public, and that Gowan had fully explained the nature and scope of the business to the bank. At the time that Beamer took charge of this cotton exchange, it appeared that he was introduced to the officers of said bank, who opened an account with the cotton exchange, with a knowledge of the fact that its only business was that of selling cotton futures. Its officers knew that Beamer had no other business than that of conducting said cotton exchange; and immediately upon presentation by Beamer of each of said checks they turned to the books and credited the amounts thereof to the account of said cotton exchange, and thereafter either remitted to Cellar & Co., as per their arrangement heretofore indicated, or paid the same out to various persons who were dealers with said exchange.

These facts were sufficient, we think, to charge the bank with the knowledge that said checks were not drawn by Hobdy in payment for spot cotton; and were sufficient, in our judgment, to put them upon notice that they were given in payment for cotton futures; and the bank in so honoring said checks, and at once crediting the proceeds thereof to the account of the cotton exchange, must be held liable. (See *Commercial & Agricultural Bank vs. Jones*, 18 Tex. 811; *U. S. Fidelity & Guaranty Company vs. Adoue & Lobit (Sup.)* 137 S. W. 648; *First State Bank of Bonham vs. Hill*, 141 S. W. 300; *Interstate Nat. Bank vs. Claxton*, 97 Tex. 569; *City Nat. Bank. vs. Martin*, 70 Tex. 643.)

Set-Off

UNMATURED NOTES—INSOLVENCY OF BORROWER.

Court of Appeals of Maryland, April 8, 1913.

HAYDEN ET AL. VS. CITIZENS NATIONAL BANK OF BALTIMORE.

A bank holding unmatured notes of a corporation, which has become insolvent and

gone into the hands of a receiver, may set off such notes against the deposit of the corporation.

THIS was a bill in equity brought by Charles S. Hayden and John R. M. Stann, as receivers of J. H. Seward & Company, Incorporated, against the Citizens National Bank of Baltimore.

At the time of the appointment of the receivers there stood to the credit of J. H. Seward & Company, Incorporated, on the books of the Citizens National Bank, the sum of \$21,250.51. At the same time the bank was the holder of four promissory notes of the corporation, which it had discounted: One for \$9,200 due January 6, 1911; one for \$2,300 due January 19, 1911; one for \$3,000, due March 14, 1911; and one for \$1,500, due April 12, 1911—in all \$19,000. It also held a few small notes of customers of J. H. Seward & Company which had been indorsed by the corporation and discounted at the bank. On January 6, 1911, the date of the appointment of the receivers and of the maturity of the note for \$9,200, the same not having been paid, the bank charged it as a debit against the amount of deposit standing to the credit of the corporation and on the day following it in like manner debited the remaining notes which it held of the Seward Company.

BRISCOE, J. (Omitting part of the opinion): In considering the question of the right of the bank to assert a lien for the benefit of notes of a customer which it has discounted, but which are not yet due, there has been some diversity of decision in this country, and in such States as New York (*Jordan vs. Bank*, 74 N. Y. 467), Missouri (*Kortjohn vs. Bank*, 63 Mo. App. 166), South Carolina (*Bank vs. Mahon*, 78 S. C. 408), Illinois (*Bank vs. Proctor*, 98 Ill. 558), Wisconsin (*Oatman vs. Bank*, 77 Wis. 501), and Michigan (*Bradley vs. Smith's Sons*, 98 Mich. 449), it is held that, in order that the bank may assert the lien and maintain the set-off, the debt must be due. In Wisconsin there is an express statute

to that effect, and in Michigan a substantially similar statute. In New York the decisions, while asserting the broad, general proposition, qualify it in two ways: First, that if the note is a demand note it may be set off against the deposit of a customer under the lien (*People vs. St. Nicholas Bank*, 44 App. Div. 318, 60 N. Y. Supp. 719); and second, in the leading case of *Jordan vs. Bank*, supra, it is expressly stated that the "insolvency of a party sometimes moves equity to grant a set-off which would not be allowed at law." In other States the right of set-off is distinctly recognized as existing in favor of a bank whether the note be due or not. *Ky. Flour Company vs. Bank*, 90 Ky. 225; *Nashville Trust Company vs. Bank*, 91 Tenn. 386; *Georgia Seed Company vs. Talmadge*, 96 Ga. 254; *Skunk vs. Bank*, 16 Wkly. Law Bul. 353, where the Ohio court held that when a depositor becomes insolvent the bank holding notes not due, which it had discounted for him and the proceeds of which had gone into his deposit account, the bank could, as against the insolvent or his assignee, withhold enough of the deposit to protect such notes; *Stewart vs. Bank*, 6 Wkly. Notes Cas. 399, in which the Pennsylvania court sustained the right of lien upon the ground that the establishment of insolvency operated to mature all debts; *Ainsworth vs. Bank*, 119 Cal. 470; *Demmon vs. Bank*, 5 Cush. (Mass.) 194; and *Thomas vs. Bank*, 99 Iowa, 202. The doctrine announced in these cases has likewise received the approval of the Supreme Court of the United States in *Schuler vs. Israel*, 120 U. S. 506. In that case a creditor of the depositor had attached the fund in the hands of the bank, and the bank endeavored to assert its lien for the benefit of a note which it had discounted and which was then not yet due, and in sustaining the right of the bank to the lien, the Supreme Court based its ruling on the ground that the bank had the same right against the garnishee as in defending itself against its debtor, and

that in the latter case by filing a bill alleging the debtor's insolvency, and showing that if compelled to pay its debt to him its claim, which was not yet due, would be lost, it could be relieved by a proper decree and procure a set-off of the two claims.

The view in this State has been consistently in accord with the line of cases last cited. *F. & M. Bank vs. Franklin Bank*, 31 Md. 404; *Miller vs. Bank*, 30 Md. 292; *Colton vs. Drover's Building Asso.* 90 Md. 85, in which case the note involved matured after the insolvency of the bank and the appointment of the receivers; *Richardson vs. Andersin*, 109 Md. 641, in which case the authorities both here and elsewhere were fully and ably reviewed by Judge Thomas; and *Bank vs. Kenny*, 116 Md. 24.

In view of these repeated decisions the rule of law in this State is too firmly established to be lightly shaken, and the decision of the court below must be affirmed, unless the evidence discloses some fraud on the part of the bank, or such facts properly brought to the knowledge and attention of the bank as to properly charge them with knowledge, which would make the acts done tantamount to a fraud.

Cashier

AUTHORITY OF—PLEDGE OF ASSETS — ANTECEDENT DEBT.

Supreme Court of Alabama, April 15, 1913.

MONTGOMERY BANK AND TRUST COMPANY VS.
WALKER, SUPERINTENDENT OF BANKS.

Neither the president nor the cashier of a bank has inherent power to pledge the assets of the bank for the payment of an antecedent debt.

THIS was a bill in equity brought by the Superintendent of Banks against the Montgomery Bank and Trust Company to collect and preserve the assets of the Bank of Geneva, of which he had taken charge by virtue of his office. It was charged among other things that the president of the Bank of Geneva had surrendered a

large amount of securities to the Montgomery Bank in payment of an old indebtedness.

ANDERSON, J. (omitting part of the opinion): The president of a corporation, by virtue of his office, has no implied power to sell or mortgage property of the corporation. *Drennen vs. Jasper Investment Co.*, 153 Ala. 322. See, also, note to *Buchwald Transfer Co. vs. Hurst*, 19 Am. Cas. 623. This rule applies to presidents of banks as well as presidents of other corporations, and who have no authority other than what is expressly granted by the charter, by-laws, etc. *Gibson vs. Goldthwaite*, 7 Ala. 283, *Spyker vs. Spencer*, 8 Ala. 333. "He has no more power of management or disposal over the property of the corporation than any other single member of the board. These remarks, of course, refer to his inherent powers enjoyed *virtute officii*, for, of course, if any resolution or any established usage gives him the power, either at all times or under special circumstances, to draw against the corporate deposits, he may do so within the limits of the power. * * * When the general management of the affairs of the bank is left, as is customary, with the directors, the president has not power to mortgage, assign, or pledge any more than he has to dispose otherwise of any of its property of any description whatsoever, or for any purpose, however justifiable and proper in itself." (*Morse on Banking*, §§ 143, 144.)

It has been held, however, in many cases that, where the president has no inherent power, he binds the bank in many instances by usage or express authority. "The cases, though largely occupied in deciding that a president has no authority by virtue of his office, yet hold the bank bound by his action whenever the charter, or a vote of the directors, or usage of the bank, or long acquiescence by the bank in a course of action by the president, or any facts constituting a holding out of the president by the bank as having a right to

act for it, lay a foundation for authority actual or inferred, and whenever the bank has ratified his action."

The present bill expressly charges that the president of the Geneva Bank had no authority to pledge the collaterals to the respondent, and this feature of the bill is challenged by demurrer upon the idea that the office of president necessarily carries with it the authority to do what Clark did, and that the bill should charge wherein Clark's authority was properly curbed or restricted. As heretofore observed, the office did not carry with it the inherent power to pledge the collateral in the manner charged in the bill, and if special authority was given Clark, or his action was ratified or acquiesced in so as to make the bank legally responsible for same, this would be defensive matter which the bill did not have to anticipate by a negative averment.

The cases of *First National Bank of Birmingham vs. First National Bank of Newport*, 116 Ala. 521, and *Wynn vs. Tallapoosa Bank*, 168 Ala. 469, each deal with the acts of the cashier and not the president of the bank, and the books recognize a decided distinction between the inherent authority of these two officers. Moreover, the authority was upheld in each of said cases upon the idea that the dealing was with innocent people and by cashiers acting within the general scope of duty and in whose acts there were years of acquiescence and ratification.

The bill here charges that the respondent was not only not an innocent purchaser, but that the \$25,000 claimed of the old Geneva Bank was not owing by the present one, and that the second loan was made collusively with Clark and for the purpose of surrendering collaterals greatly in excess of said last loan, for the fraudulent purpose of using said collaterals to liquidate the old debt of the First National Bank of Geneva, and for which the present Bank of Geneva was not liable.

The case of *Citizens' Bank vs. Waddy*, 126 Ky. 169, involved the authority of a cashier, and not a president, to

borrow money and pledge the securities of the bank. Moreover, there was no governing board, and the cashier seems to have been in entire control for the stockholders who had no board of directors.

The cashier is the chief executive officer of the bank through whom the financial operations of the bank are conducted, and while his authority is not unlimited, it exceeds that of the president. (Morse on Banking § 152.) The cashier has no inherent power, however, to pledge the assets of the bank for the payment of an antecedent debt. He may dispose of the bank's negotiable securities in the regular course of business, but he cannot pledge its assets for the payment of an antecedent debt. (Morse on Banking, § 169.)

Vice-President

DUTIES OF—PROTEST OF PAPER.

Court of Appeals of Kentucky, May 22, 1913.

FIRST NATIONAL BANK OF LOUISVILLE VS. BICKEL ET AL.

The vice-president of a bank is not by virtue of his office charged with the duty of seeing that notice of dishonor of paper is given to the indorsers on paper held by the bank, nor is he liable for failing to do so.

As it is usual and customary for the cashier to attend to the protesting of paper and giving notice of dishonor, the court will presume, in the absence of evidence to the contrary, that this duty devolved upon him.

An indorser of paper held by a bank is entitled to notice of dishonor, though he is an officer of the bank, unless he is the officer whose duty it is to give notice.

IN this case a note made by the White City Company, and held by the First National Bank of Louisville, was indorsed by the directors of the maker, among whom was C. C. Bickel, who was vice-president of the bank.

CARROLL, J. (Omitting part of the opinion): It is argued for the bank that as the appellee Bickel was a director in and president of the White City Company, and vice-president of the bank, and had actual knowledge the

day before the notes matured that they would mature on the next day, and that the White City Company had no funds with which to pay them, it was his duty as an officer of the bank to see to it that notice of the dishonor of the paper was given to the parties entitled to notice, and that his failure to do this estops him from denying his liability on the paper.

We do not know of any authority, and have not been referred to any by counsel for appellant, holding that the vice-president of a bank is, by virtue of his office alone, charged with the duty of seeing that notice of the dishonor of paper is given to the person entitled thereto or liable in any manner if he fails to do so.

Of course, the vice-president of a bank or the president or any director, or indeed any other officer or employee, might be charged by resolution of the bank or by its habit and custom of dealing, with the duty of protesting paper or giving notice of its dishonor; but there is no showing in these cases that Bickel had ever been authorized by the bank to do these things or that there was any custom of the bank under which he did or should do them; and the vice-president of a bank, simply because he is vice-president, is under no duty to attend to these matters and is not to be held liable for his failure to do so.

A state of case also might arise in which the vice-president or other officer of the bank might be held liable for the failure to give notice, as when it was shown that the officer sought to be charged with liability was guilty of fraud, or it was shown that he in some manner actively prevented the giving of notice; but we have no such state of case here.

It is usual and customary for the cashier of the bank to look after matters of this kind, and, in the absence of any showing that it was not the custom of the cashier of the First National Bank to attend to the protesting of paper and the giving of notice of dishonor, we must presume that it

was the duty of the cashier to have discharged this duty in respect to these notes.

Nor do we think that the fact that Bickel was an officer of the bank relieved the bank from the necessity of giving him notice. Bickel signed the paper, not as an officer of the bank, but as an officer of another corporation borrowing money from the bank, and his rights and liability on the paper are precisely the same as those of the other parties who signed it. The statute, requiring that notice of dishonor shall be given, is peremptory, and all persons entitled to the notice are released from liability unless it is given, although they may be connected with the bank, whose duty it is to give notice, as officers or in some other capacity, with the exception that the bank officer whose duty it was to give notice would be of course estopped to plead want of notice as a defense to a suit by the bank against him.

Notice of Dishonor

REQUIREMENTS AS TO BANK SENDING— NOTICE TO IMMEDIATE INDORSER.

Supreme Court of Errors of Connecticut,
July 25, 1913.

GLEASON VS. THAYER.

A bank holding for collection a note which has been dishonored, is required to give notice to only its own principal, and he in turn to give notice to his principal, and so on down the line of indorsers.

A NOTE made at Norwich, Conn., payable at the Columbia Trust Company in New York, was indorsed by the defendant and deposited with the National Whaling Bank of New London, which guaranteed the indorsements and transmitted the note to the National Park Bank of New York for collection. On the 7th of August, 1911, the note was duly presented for payment, and was protested, and on the following day the notary mailed a written notice of the presentation, non-payment, and dishonor of the note in an envelope addressed to the defendant

at New London, Conn., postage prepaid. This letter was at some time re-addressed to the defendant at his residence in Norwich, Conn., and in due course of mail reached him on August 11, 1911. The notary also on August 8, 1911, inclosed in an envelope addressed to the National Whaling Bank two similar notices addressed to the defendant, and the bank received them August 9, 1911, and on the same day mailed them in an envelope, postage prepaid, addressed to the defendant at Norwich, Conn., where they were received in due course of mail but not taken from the post office by the defendant until August 14, 1911.

WHEELER, J. (omitting part of the opinion):

The defendant's second defense was that no notice of dishonor as required by law was given him. The trial court's conclusion upon the facts that the notice was adequate is assigned as error.

[4] Since the place of payment was New York, the law of that jurisdiction governs as to the giving of the notice. *Guernsey vs. Imperial Bank*, 188 Fed. 300, 110 C. C. A. 278, 40 L. R. A. (N. S.) 377.

[5] The Negotiable Instruments Act (Consol. Laws 1909, c. 38) is a part of the law of New York, of which we take judicial notice. General Statutes, § 697.

[6] The National Park Bank might have given notice to the parties liable upon the note or to its own principal. Consolidated Laws of New York, § 165, p. 2502, of Negotiable Instruments Law.

[7, 8] It, through the notary, on the day of presentment gave notice to the Whaling Bank from whom it received the note by mailing two notices of protest to it. On the next day, upon receipt of the notices, the Whaling Bank forwarded them to the defendant at his proper address by mail, thus complying with the Negotiable Instruments Law (Consolidated Laws of New York, § 178, p. 2503). So that the requirements of this law were fully met. This law in these particulars

reaffirms the law merchant and conforms to the universal custom of banks, from which custom the law grew.

A bank holding an indorsed note for collection is only required to give notice of dishonor to its principal from whom it received the note, and its principal in turn notifies its principal or antecedent indorser, and so down the line. *Mead vs. Engs*, 5 Cow. (N. Y.) 303; *Stafford vs. Yates*, 18 Johns. (N. Y.) 327; *Spencer vs. Ballou*, 18 N. Y. 327; *Phipps et al. vs. Milbury Bank*, 8 Metc. (Mass.) 79; *Bank of United States vs. Goddard*, 5 Mason, 366, Fed. Cas. No. 917. *Norton on Bills and*

Notes, pp. 381, 382; *Morse on Banking*, § 232; *East-Haddam Bank vs. Scovil*, 12 Conn. 303, 311.

Both the Park Bank and the Whaling Bank used due diligence, and the defendant received all the notice of dishonor he was entitled to, either under the Negotiable Instruments Act or under the common law of New York, which, so far as the giving of notice of dishonor is concerned, does not differ from our own common law. As this notice was sufficient, we need not inquire as to the sufficiency of the notice directed to the defendant at New London.

Support for the Currency and Banking Bill

Many opinions have already been published in this Magazine criticising various provisions of the pending currency and banking bill. In the interests of fair discussion, the views stated below in support of the bill are cheerfully presented.—EDITOR BANKERS MAGAZINE.

GENERAL PROVISIONS OF BILL APPROVED

Statement of Bradford Rhodes, President First National Bank, Mamaroneck, N.Y., and Former Editor BANKERS MAGAZINE, made before the Committee on Banking and Currency, United States Senate, October 24.

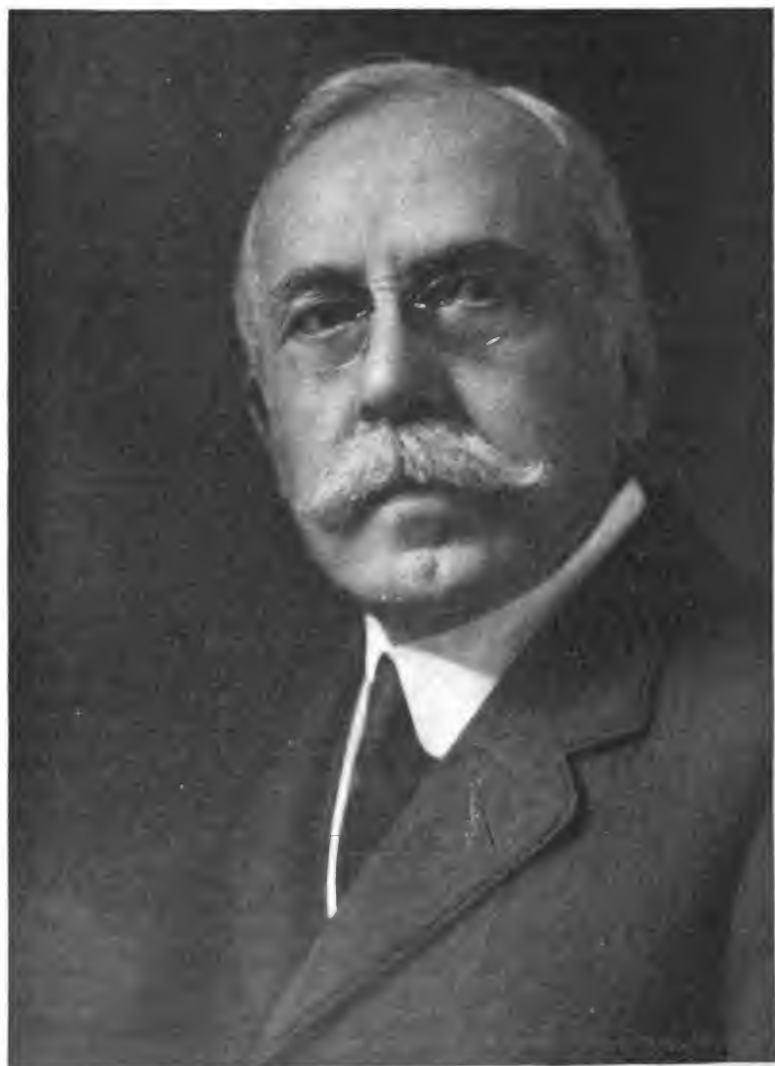
SENATOR O'GORMAN — Mr. Rhodes, what has been your banking experience?

Mr. Rhodes—Besides being president of the First National Bank of Mamaroneck, N. Y., I am a member of the board of trustees of the Union Savings Bank of Westchester County, and was the organizer and for twenty-five years president of this institution. The national bank has a capital and surplus of \$150,000. The savings bank is a mutual institution having no capital, the net earnings all belonging to depositors.

I was also for many years editor and publisher of "Rhodes' Journal of Banking," and in 1895 purchased the BANKERS MAGAZINE, consolidating the two publications. Shortly afterwards I disposed of my interest in this field. For three consecutive terms I served as a member of the assembly in the New York Legislature, being chairman of the banking committee each term.

Senator O'Gorman—Have you read the pending bill as it passed the House?

Mr. Rhodes—Yes; I have read the bill.



BRADFORD RHODES

Senator O'Gorman—You may make any observations you desire to make respecting it.

Mr. Rhodes—I wish to say, Mr. Chairman and gentlemen, that these preliminary statements are made solely for the purpose of indicating my interest in banking matters, embracing both the theoretical and practical sides. With your permission I should like first briefly to present my views on the pending banking bill, and shall then be glad to answer any questions you may wish to ask. That our existing system of banking needs overhauling, I think is too obvious to require discussion; that the bill now before your committee attempts to meet the problem in a comprehensive and statesmanlike manner is also, I think, equally clear.

In Boston at the recent session of the American Bankers Association, of which I was New York State's vice-president, I made that statement shortly after I arrived there to the reporter of a paper, and he thought I must be somewhat of an advanced thinker on banking lines. I said: "No; I am only a country banker, and I believe that the underlying principles of the proposed Federal reserve system are to our advantage."

THE INDEPENDENT AMERICAN BANK.

The independence of our separate banking units has been one of the most powerful factors aiding in the agricultural, industrial and commercial development of the United States. No other system of banking, in my judgment, whatever may be its special excellences, tends so strongly to promote the growth of business as does the independent American bank, intensely interested in the upbuilding of the enterprises of its own community and many of whose officers and directors are themselves engaged in carrying on those enterprises.

To preserve the independence of our banking units should be one aim of whatever legislation may finally meet the approval of the Congress.

But it is not enough to preserve such independence, for we have learned by

repeated experience—some of it costly and bitter—that for the separate banking unit as well as for the individual member of society there come times when collective action is indispensable. In society this is an age of wise coöperation, and it must become so in banking if our really admirable financial institutions are to be efficient servants of American commerce and industry.

BANKING COÖPERATION.

The familiar story of the bundle of twigs that could not be broken when bound together, but readily snapped when separated, aptly illustrates the vital defect in our banking as conducted for many years.

In fact, we have been extricated from the difficulties incident to our financial panics through resort to the principle of coöperative action, but invariably have resorted to it too late to do more than check the final destruction, instead of invoking this remedy in the incipient stages of the disaster, or employing it in a manner that might have checked at the outset the tendencies that lead to panic.

When the conflagration was raging the banks have united, through their clearing-house associations, to stay its ravages, and their action when thus taken has proved beneficial. But we need some method upon which surer reliance may be placed, a coöperative system carefully and deliberately planned and operative at all times. Such a system, I believe, is provided for in the pending bill, which unites all the banks for their own defense in time of danger and for the protection of those who deal with them.

GOVERNMENTAL CONTROL.

Banking is a quasi-public function, its operations vitally affecting all business activities. The power of the banks as grantors of credit is so large that sound public policy demands that it be subject to the watchful oversight of the Government and to wise and just control. It seems to me that bankers who fail to recognize this fact are not

sufficiently alive to the tendencies of the times.

THE BANK-NOTE PROBLEM.

The adherence to Government bonds as a basis of bank circulation has heretofore rendered it impossible to impart any marked degree of elasticity to the note circulation. The bill now before you wisely departs from this policy.

Those familiar with banking problems through long study and experience have perceived the substantial identity between a bank note and a bank deposit, agreeing that when a bank grants a credit it is of little moment to the bank whether the person receiving such credit shall receive the evidence of it merely in the form of a credit in a pass book against which checks may be drawn or in the form of obligations of the bank printed as circulating notes, the matter to be determined by the convenience of the person obtaining the credit. The further fact has been perceived by experts, namely, that if all bank credits, including notes, were daily redeemed through the clearings, banks might be freely intrusted with the privilege of issuing their notes, even without lodged security of any kind, the precaution of a moderate safety fund, a first lien on assets, and other simple requirements being ample to assure the safety of the notes.

Of course, under the modern system of deposits and checks, the volume of bank notes will always be vastly inferior to the volume of checks employed in the transfer of credits.

But while the facts just cited in reference to bank circulation are commonplaces to experts, they are unknown to the public at large.

For more than fifty years the American people have been familiar with no other kind of currency except that bearing the stamp or guaranty of their Government. They have come to regard this guaranty as an essential element of the quality of the paper circulation. Business habits long established are not easily altered by statute.

Few calamities would be greater than to have our people suspect the goodness of their currency. It would result in universal distrust, a feeling equivalent to that which comes during an earthquake, when even the solid earth seems slipping away beneath one's feet. We cannot run the risk of having our currency open to suspicion, and this risk can be avoided in no practical way except by a Government guaranty such as this bill provides.

Sentiment may play an important part in popularizing a new currency system, and it is often stated that sentiment is simply an expression of the common sense of the common people.

While the notes proposed in the bill before you are obligations of the Government, they are issuable only to the banks, upon the deposit of approved collateral and the setting aside of an adequate reserve against them. These provisions and others guard against the inflation which often accompanies the free issue of notes by governmental authority, and confer upon the new currency the substantial advantages of a carefully guarded asset bank note, plus the responsibility of the United States Government, thus combining the chief desiderata of a bank-note circulation—safety and flexibility.

I would suggest that the notes be made redeemable in gold rather than in lawful money. Since "lawful money" is substantially exchangeable for gold, we gain nothing by putting this intermediate step between the notes and gold, and I think we should gain much by declaring the notes themselves to be gold obligations. It is, in fact, an evidence of our good faith and our ability to pay when we put all our circulating medium on a gold basis.

CONCENTRATION OF RESERVES.

The principle of massing our bank reserves in a series of regional banks is bound, I think, to work a vast improvement in our banking situation. That we need reserve banks more adequately equipped than those now existing is

strikingly evident. The Federal reserve banks, with large capital, with the power to rediscount and to procure notes as needed, will be in a position to render services of vast importance to the banks of the country.

A REDISCOUNT MARKET.

By creating a rediscount market this bill releases the banks of the country from restrictions which have frequently rendered it impossible for them to furnish adequate credit facilities, and have made it necessary for their own protection to curtail loans, thus entailing hardship upon the business community. It should not be forgotten, also, that this bill reverses our present policy of basing our banking system upon stock-and-bond collateral whose value shrinks frightfully in the face of unusual calls for money, and links it with commercial paper whose value is more stable and whose volume more fairly corresponds to the fluctuations of business.

The rediscount privilege will make it practically possible for banks to supply all demands for legitimate commercial loans and at the same time will enable a solvent bank always to convert its liquid assets into currency, thus avoiding the necessity of suspending cash payments. Should this bill become a law and be accepted in good faith by the banks, with a determination on the part of the Government to deal justly with the banks, it is inconceivable that the country should again experience such bank panics as marked the years 1893 and 1907. To avoid the distress which these disturbances occasioned seems to me worthy of the efforts of all the bankers of the United States, even if we have to give up some of our prejudices and long-cherished notions about banking legislation.

SAVINGS INVESTMENTS.

As a savings bank officer for a quarter of a century and one to whom the utility and beneficence of the savings banks strongly appeal, I wish to make a special plea in behalf of these institutions. They are the bedrock of our

financial system, inculcating habits of thrift among their depositors, who by absolute self-denial not only provide the means of protecting themselves against the encroachment of disease and the oncoming of age, but gradually to take the steps leading from dependence to a competence, if not to affluence. The savings of these depositors, averaging less than \$150 each, comprise in the aggregate a sum vast enough to be of immense importance in carrying on that part of the country's industry which is dependent upon the safe investment of capital in mortgages, public-utility securities, and the obligations of States and municipalities.

Savings deposits represent usually the small balances between income and outgo which individuals are enabled to accumulate by the practice of economy, and justice to these individuals no less than sound State policy should impel us to see that the investments of these savings are religiously safeguarded from the hazards of commercial ventures, and treated as a separate fund, to be carefully invested in accordance with well-defined principles.

The savings banks of New York and of the Eastern States generally, operated on what is known as the mutual plan, have established a record for safety, economy and efficiency that gives them a unique position among the financial institutions of the country. There are 680 of them in the United States, with aggregate deposits of \$3,608,657,828.11 divided among 7,851,377 depositors, giving them an average of \$459.62 each.

For many years the losses incurred by these banks have been so small as to be almost negligible, and they have established a record for safety hardly surpassed by banks anywhere.

This result has been due to the careful provisions made by the State legislatures respecting the character of the investments and to the further fact that the officers of these banks have complied strictly with the law and have been faithful to their trusts.

It is questionable whether the mutual savings bank system is adaptable to all

parts of the country. The slow growth of the system west of the Alleghenies leads to the conclusion that it is not; but of one thing there can be no doubt, namely, that the same rules which have been found necessary to the safe handling of savings deposits are universally applicable—indeed, that they are indispensable to the security of this class of deposits.

I should like later on to refer to the provision of the bill in regard to savings departments in national banks, contenting myself for the present by expressing the hope that Congress may never consent to the lowering of the standard fixed by the successful mutual savings bank system. I wish to state that I see no objection to the establishment of savings departments in national banks in those States, or even in the towns not having savings banks already established, but that in all cases where national banks are permitted to establish savings departments the savings deposits shall be separated from the ordinary commercial deposits and invested in precisely the same manner as such deposits are now invested by the regularly constituted savings banks.

It must not be forgotten that savings deposits in commercial banks, unless surrounded by adequate safeguards are liable to be a source of grave danger, especially in times when banks are subject to unusual demands, for at such times the savings depositors are apt to show apprehension and demand their money, thus subjecting the bank to a general "run."

PENDING BILL APPROVED.

In concluding this general statement, I wish to say that while the pending bill may not be ideal, it does fulfill the reasonable expectations of the people for a wise coördination of the banks of the country under such governmental control as will assure the protection of the public without injustice toward the banks. The bill does not attempt to carry out impracticable theories, but takes careful note of conditions as they are, including the institutions of the coun-

try, the habits and predispositions of the people, and mindful of all these complex elements which have made banking legislation so difficult, it seeks to weld our disjointed banking units into a harmonious system, embracing many of the principles tested by world-wide trial. The enactment of this measure, after such amendment as may be agreed on as a result of wise deliberation, will, in my judgment, immeasurably strengthen our banking system and immensely contribute to the welfare and prosperity of all our people.

AMENDMENTS PROPOSED.

I desire, Mr. Chairman, to submit, in connection with this general statement, a few suggestions in regard to the bill in the line of proposed amendments.

At the outset it may be well enough to have the Federal Reserve Board constituted as now provided for in the bill; but later on it will probably be found that the duties of their positions will be so onerous that the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency will not have time to attend to their duties as members of the board.

I would suggest that after the first year of their existence the Federal Reserve Banks send to the President a list of twelve names, out of which he shall select three members of the Federal Reserve Board in place of the two cabinet officers and the Comptroller of the Currency.

The reserve requirements of the Federal Reserve Banks should call for gold instead of "gold or lawful money."

Redemption of notes should be in gold.

Reserves against the notes should be kept in gold.

I would favor making the capital requirements \$5,000,000 for banks desiring to establish foreign branches. Generally banks operating abroad have a capital much in excess of \$1,000,000. There are also doubts as to the propriety of allowing banks with such small capital to engage in branch banking, particularly in a foreign country.

Branches result in expansion, and if the branch is situated abroad it is less easy to keep it under supervision than if located in the country where the parent bank is domiciled.

The making of real estate loans by national banks is of doubtful propriety, since it tends to put in fixed form investment funds that should be kept in liquid shape. Most bank deposits are payable either on demand or after short periods. Farm loans, while good in themselves when carefully selected, even at twelve months hardly mature quickly enough to make them a desirable and quick bank asset.

If, however, the national banks are permitted to establish savings bank departments, segregating their savings deposits, real estate mortgages would be a highly satisfactory form of investment. This would make it possible for the national banks to perform an additional service in communities where there are no regularly constituted savings banks. The creation of a department for local investments would also tend to keep deposits employed at home instead of sending them away to the large cities for temporary employment.

I wish to commend the provision for the separation of the assets of the commercial and savings departments of national banks, and to emphasize the necessity of a high standard of investment of savings deposits being prescribed by the Federal Reserve Board; also that the creation of savings departments in national banks be limited to those places where savings banks do not already exist. On the ground of comity alone, the Federal Government would perhaps refrain from setting up a new institution to compete with others already operating satisfactorily under State laws and meeting the demands of the people. I feel sure that those who are familiar with the success of the mutual savings banks would regard it as unfortunate if the national banks should be empowered to compete with them. But a useful purpose would be served by authorizing savings departments in national banks in those communities now lacking adequate savings facilities, with

the proviso always that the savings deposits shall be segregated and as carefully invested as are those of the regular savings banks.

You gentlemen probably know that only about seventeen per cent. of our people save money. Out of our 90,000,000 people, only about seventeen per cent. save anything, while over in Germany, or even in little Switzerland, they are better savers than we are. And even in debt-ridden Japan their people are better savers than we are, and a larger number of them save than the people of the United States.

Refunding of the two per cent. bonds should be on such basis as will save the banks from loss on their investments. Purchase of the bonds by the banks has been a leading factor in keeping up their price. Now that the Government is to deprive the bonds of one of their chief advantages—the sole right to be used as a basis of bank-note circulation—it should see that no loss falls upon the banks by this action.

The outstanding bank notes should be retired more speedily than is provided for in the bill, so that the country may sooner get the benefit of the elastic note circulation which the bill authorizes.

Gentlemen, that is all I have to say in a formal way. I have here some memoranda in regard to banks of all classes.

SOME BANKING STATISTICS.

The number of savings banks in the United States in 1892 was 1,059; in 1902, 1,036; and in 1912, 1,922. The number of depositors in 1892 was 4,781,605; the number of depositors in 1902 was 6,666,672, and the number of depositors in 1912 was 10,010,304.

The amount of savings deposits in 1892 was \$1,712,769,026; the amount of savings deposits in 1902 was \$2,750,177,290; and the amount of savings deposits in 1912 was \$4,451,818,522.

And this is an interesting fact, that the average due each depositor in 1892 was \$358.20; in 1902 it was \$412.53.

and in 1912 it was \$444.72. That is the amount which was due each depositor.

I have some other figures Mr. Chairman, which, with your permission, I would like to have inserted in the record.

Senator O'Gorman—Without objection, they may be inserted in the record.

(The memoranda referred to are as follows:)

National banks in the United States (7,488):

Capital	\$1,056,345,786
Surplus	725,333,629
Undivided profits	259,549,156
Circulation	724,459,849
Individual deposits	5,761,338,731
Total resources	10,876,852,343

State banks (13,381¹):

Capital	459,067,206
Surplus	177,307,042
Undivided profits	94,066,902
Individual deposits	2,919,977,897
Total resources	3,897,770,826

Mutual savings banks (630¹):

Surplus	248,983,429
Undivided profits	66,440,676
Individual deposits	3,608,657,828
Total resources	3,929,091,986

Stock savings banks (1,292¹):

Capital	76,871,811
Surplus	31,052,596
Undivided profits	23,154,694
Individual deposits	842,897,859
Total resources	993,631,303

Loan and Trust companies (1,410¹):

Capital	418,985,771
Surplus	424,313,939
Undivided profits	136,428,039
Individual deposits	3,674,578,238
Total resources	5,107,444,382

Private banks (1,110¹):

Capital	22,348,040
Surplus	9,333,680
Undivided profits	4,250,634
Individual deposits	152,494,618
Total resources	196,940,397

State, savings and private banks, loan and trust companies (17,823¹):

Capital	977,272,830
Surplus	890,990,687
Undivided profits	324,340,946
Individual deposits	11,198,606,443
Total resources	14,124,878,897

All banks (25,309²):

Capital	2,033,618,616
Surplus	1,616,324,316
Undivided profits	583,890,102
Individual deposits	17,959,943,174
Total resources	25,001,731,240

¹Comptroller's report, 1912.

²On dates stated in Comptroller's report, 1912.

Senator Nelson—You must not overlook this fact, Mr. Rhodes, that out in the West the farmers and small merchants have use for their money in the development and improvement of their farms and all that sort of thing. They are not like the people in the East, who are more limited in scope, and they have no opportunity to save their money except by putting it in savings banks. The people in the West put that money in active use in improving their farms, putting up more buildings, and doing all that sort of thing; and that is why we do not make the showing of savings deposits. We save it and realize much more out of it than you do in the savings banks.

Mr. Rhodes—Do you not think if you had savings banks in Minnesota you would learn to save money? The school children, the working people, the housemaids—would they not learn to save money if they had savings banks to put it in?

Senator Shafroth—They do have banks out there to put it in.

Mr. Rhodes—Savings banks?

Number of savings banks in the United States, number of depositors, amount of savings deposits, and average amount due each depositor, 1892, 1902, and 1912.¹

Year.	Number of savings banks.	No. of depositors.	Amount of savings deposits.	Average due each depositor.
1892	1,059	4,781,605	\$1,712,769,026	\$358.20
1902	1,036	6,666,672	2,750,177,290	412.53
1912	1,922	10,010,304	4,451,818,522	444.72

¹Comptroller's report, 1912.

Senator Shafroth—Oh, yes; savings banks all over the West.

Mr. Rhodes—There is only one in Minnesota that I know anything about.

Senator Nelson—We have one good mutual bank in Minneapolis.

Mr. Rhodes—I know it well. I knew Mr. Moulton, for many years its Treasurer.

Senator Bristow—Why should not a boy who wants to save his money save it and buy a calf or a horse? I think he would use more judgment about that.

Mr. Rhodes—I think so; much depends on the boy.

Senator Nelson—Is it not an ethical question? Is it a wise thing to teach children so much of the spirit of Mammon—get them to feel that this is only a world in which to make money?

Mr. Rhodes—I believe the only way to make a good citizen is to make a good saver. If he is a good saver, he will become a better father and a much better citizen than otherwise.

Senator Nelson—Is there not the danger that he will make Mammon his only god?

Mr. Rhodes—I do not believe that.

Senator Shafroth—You think this money should all be made redeemable in gold and not in gold or lawful money?

Mr. Rhodes—That is my belief.

Senator Shafroth—If we should not pass this bill, would you believe in our enacting a law requiring the national banks to redeem the bank notes in gold?

Mr. Rhodes—No.

Senator Shafroth—Did you ever hear of a banker who was willing that the national bank notes should be made redeemable in gold?

Mr. Rhodes—That is what they want to do.

Senator Shafroth—National - bank notes?

Mr. Rhodes—They are practically based on a United States bond, which represents gold money.

Senator Shafroth—The national-bank notes are redeemable in lawful money, are they not?

Mr. Rhodes—Yes.

Senator Shafroth—The Aldrich bill was perfectly satisfactory to the bankers, was it not?

Mr. Rhodes—Fairly so.

Senator Shafroth—They made their notes redeemable in lawful money?

Mr. Rhodes—Yes.

Senator Shafroth—Do you not think there is a good purpose to be served in having this money redeemable in lawful money when that lawful money is redeemable in gold, less the reserves required, and therefore the greater ability of the Government to maintain the gold standard?

Mr. Rhodes—It is about as broad as it is long, anyway, because we are now on a gold basis. I recollect that a few years ago there was a Secretary of the Treasury here in Washington who redeemed the silver certificates in gold at the Treasury Department—paid gold for them over the counter—and technically they are redeemable in gold.

Senator Nelson—Would it not be so with the currency? The reserve-national-bank note is redeemable in lawful money, and then is not that lawful money redeemable in gold? Does that not keep us on the gold standard?

Mr. Rhodes—It is simply an intermediate step in that direction. But would it not be better to do the work by direct action and not by halting steps?

Senator Nelson—Is not that intermediate step necessary in order to prevent large gold reserves? If we are going to have 12 competing points, we are going to require three or four times the amount of gold that is to be hoarded.

Mr. Rhodes—Why not?

Senator Shafroth—Because the reserves have got to be so much more.

Mr. Rhodes—Each pool by itself, as it were, in a separate place?

Senator Shafroth—That may be, but it is also redeemable at the Treasury, all of it at the Treasury, and when you make this currency redeemable at the bank in gold and then also at the Federal Treasury of the United States, you can readily see that it will take a

great deal more money. Then, again, take the Government's reserve. We have been upholding in gold about \$346,000,000 of greenbacks and \$740,000,000 of bank notes, and it has only taken \$150,000,000 of gold, and if you scattered this gold reserve through these centres you are making a competition against the Government itself.

Mr. Rhodes—That is possible, but we must remember the sentiment of the people. Everybody in the United States, all of us, think we are on a gold basis.

Senator Shafroth—We are.

Mr. Rhodes—We ought to keep up our gold standard in good faith.

Senator Shafroth—Why do not the bankers want the same thing when they have a bank currency out?

They have a bank currency—that is, \$740,000,000 of currency—but none of them would consent that those notes would be redeemable in gold, because they have to keep the gold there to meet them. When the Aldrich bill came in, the bank provided there being a bank of bankers, they provided that it must be paid in lawful money; they did not mention gold. They made it payable in lawful money alone, and they did it, why? Because they know it is easier to maintain the gold standard. They know if you make too much pressure on a limited quantity of gold in this country it is going to have a tendency to keep gold in our vaults.

Mr. Rhodes—That is true, in large measure; but, as I said before, the best illustration—

Senator Shafroth (interposing)—Let me ask you this question: Of course we had no trouble in paying gold, except when there is a run on the Treasury for gold?

Mr. Rhodes—But few people want gold in their pockets as a circulating medium, but the masses want to feel that what they have is surely just as good as gold because it is based on gold.

Senator Shafroth—Now, in case of panic, by the coöperation of these Federal reserve banks and the United States Treasury, can not the redemp-

tion take place in such a way that it would be a great advantage in having the gold currency redeemable in the other currency and the other redeemable in gold?

Suppose I have a Federal reserve note of \$1,000, and we find there is a run upon gold, and the Federal reserve board says we must coöperate with the reserve banks, and a man comes to a Federal reserve bank in New York and he says, "I have a Federal reserve note of \$1,000, and I want gold." The board says, "We have not got gold, or, if we have, we do not choose to pay it, because that is payable in lawful money, but we will give you the lawful money, and you can send it to Washington and you can get gold." So he takes the lawful money, and the bank of New York says, "If there is going to be a run on gold, we will lock that \$1,000 note up in our vaults so we can not get any more on that money."

So the man sends it to Washington, and he demands his gold on that lawful money, and the Government says, "Certainly, here is your gold." The Secretary of the Treasury says, "If we are going to have a run on gold we will take that \$1,000 in lawful money and lock it up."

You have by means of \$1,000 practically redeemed, or at least temporarily \$2,000, and you could not do that if all of it was made payable in gold, because the man who had \$2,000 would get it, and the man who had \$1,000 in lawful money would get it. Is it not an advantage when there is a run for gold in this country to have that means, not of disturbing the gold standard, but of strengthening the gold standard?

Mr. Rhodes — The discretionary power?

Senator Shafroth—Upon the part of the bank.

Mr. Rhodes—Of course, they exercise the same in principle in some foreign countries. It is an arbitrary matter. It is purely arbitrary on the part of the reserve board in Washington.

Senator Shafroth—Of course, if they

have plenty of gold they pay gold, and it would be only in times of stringency when there is so much hoarding that this would be invoked.

Mr. Rhodes—It is not very likely. The people of the country have more money in their pockets than we think—the common people—and this system you are endeavoring so faithfully to perfect will make banks so popular that the hoarding of money will never be resorted to by any people, no matter how ignorant they may be.

Senator Bristow—This question has been handed to me to propound to you, Mr. Rhodes: What is the specific new feature of the pending bill that you deem most valuable?

Mr. Rhodes—Well, Senator, that is a very difficult question to answer. Of course, I am not a big banker. I am a country banker, but I verily believe, from my standpoint, that the meat of this bill to the average country banker is its attempt to allow country bankers to get money quickly in time of need.

Finds Many Good Points in the Bill— Some Suggestions

BY ROBERT N. HARPER, PRESIDENT DISTRICT NATIONAL BANK,
WASHINGTON, D. C.

THE more thought I give to the new currency bill, the more firmly am I of the opinion that the framers of the measure have presented a proposition the essential features of which are good.

The bill is by no means perfect; it is, however, a step in the right direction.

There is no doubt that some of the provisions of the measure will prove impracticable—this is to be expected in all new measures—but such a condition is not, in my mind, a justification for condemning the whole bill.

THE FEDERAL RESERVE BOARD.

The section of the bill which has received unrelenting and adverse criticisms by many bankers is that relating to the Federal Reserve Board. The bankers are of the opinion that they, in some way, should name the members of this board.

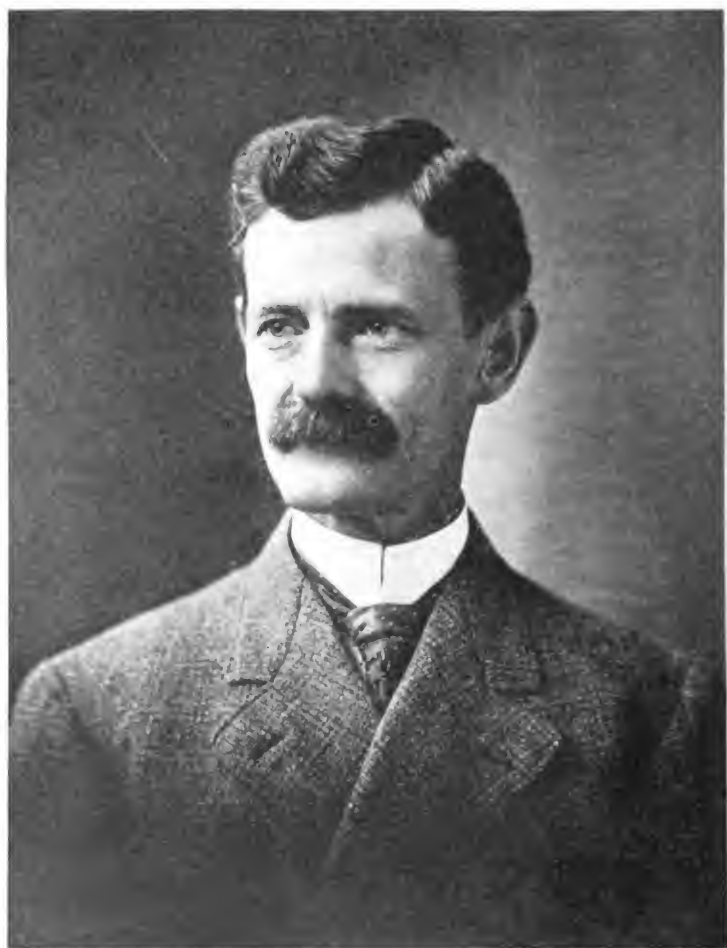
The arguments against this power being given to the President of the United States are no doubt honestly intended, but are, I think, to a large degree, unreasonable. If the banks to be regulated name the regulators, it will border very closely on making them

judges selected for the purpose of passing upon their own case.

Ever since the present National Bank Act was enacted the banks have been under direct control, by the provisions of the act, of the Secretary of the Treasury and the Comptroller of the Currency, with limitations only as to the powers vested in the boards of directors of each banking association.

Now, as to the membership of the Federal Reserve Board, and who they will be, I will briefly state the facts:

The Secretary of the Treasury is, as a rule, a banker of experience, and the Comptroller has usually been a banker. These two, with the Secretary of Agriculture, will constitute the three ex-officio members of the board. Of the four to be named by the President—one must be a man of "known banking experience," and not more than two of these four shall be of the same political faith. To question the President as to his appointment of this board is to discredit him as an American citizen, to say nothing of the natural human desire of every President to make his administration a success. Such success can only be realized by a proper and honest enforcement of law—by men



ROBERT N. HARPER

of intelligence and honesty; we should, therefore, be charitable enough toward any President to give him credit for a desire to name men for this board of at least as high a type as those of his Cabinet.

To really and practically manage the affairs of the Federal Reserve Bank, provision is made for twelve boards of directors of nine each, one board for each of the Federal Reserve Banks. These boards are given identically the same power over their respective Federal Reserve Bank as is now given to the directors of national banks, and I can see no more power given to the Federal Reserve Board than is now vested in the Secretary of the Treasury and the Comptroller of the Currency. The bill provides that six of the nine directors of each Federal Bank Board shall be elected by the banks owning stock in the Federal bank of their section; three of these are to be bankers; three to be business men, but in no way connected with a bank in an official capacity, but to be chosen by the banks regardless of their capital. The remaining three are appointed by the Federal Reserve Board, but one of these three must be a banker of experience and ability. The interests of the banks by this plan are not entirely ignored, and the banks are certainly given ample power for control and management.

As to the powers of the Federal Reserve Board, I see that there are well defined rules, but limited control given it over the Federal Reserve banks. Each member bank deals directly with the Federal Reserve Bank in all matters of business. The Federal Reserve Bank is given an independent status. It has the initiative in fixing rates of discount and the exclusive determination of the amount of paper to be re-discounted for member banks. As stated, two-thirds of the members of the board of directors of the Federal Reserve Banks are elected by the banks in each Federal Reserve District, and each bank, regardless of its size or capital, is given one vote in the selec-

tion of the directors of the Federal Reserve Bank, and no greater power is given the very large banks.

As I understand it, the Federal Reserve Board performs no banking functions at all—all such business is under the exclusive jurisdiction of the Federal Reserve Banks owned and operated by an aggregation of individual member banks.

FEDERAL ADVISORY COUNCIL.

In addition to the above, the bill provides for a Federal Advisory Council of twelve members to be chosen each year by the directors of the Federal Reserve Bank. This council is given almost unlimited power for investigation as to the work of the Federal Reserve Board, the right to call for complete information in connection with the general affairs of the reserve banking system, and make recommendations. It is true they are without a vote; is this not also true with the lawyer who argues his case to a jury or court?

It must not be overlooked that a majority of the nine members of each of the reserve boards of directors are selected by the bankers of the reserve districts, and therefore should be relied upon to select a council not inimical to the best interests of the banks. No such opportunities are given to the railroads by the Interstate Commerce Law or trust corporations in the Attorney-General's office, and such conditions are accepted as right and just.

If I place the proper construction upon this provision, I can see nothing in this part of the bill to seriously disturb anyone.

GOVERNMENTAL SUPERVISION.

It is probably natural that every class of business under governmental control should desire to name the officials to execute the laws under which they operate, but the query to this is, "Is it a reasonable desire? Should they honestly expect it?"

The Interstate Commerce Commission has never been made up of railroad officials, and I do not know that

the railroad people ever sought a representative on the Commission. And again, the travelers coming from abroad, and the large wholesale importers of dutiable goods, have never asked for or named the officials for the New York City Custom House.

We all know what power or effect the custom duties have over importing business. The Secretary of the Treasury selects a man for this office who he believes will honestly and fearlessly administer justice to everyone and at the same time enforce the law, and not as the representative of any special class affected by the law.

ENFORCED CONTRIBUTIONS BY BANKS.

Another criticism is that relating to the enforced investment by banks in the stock of the Federal Reserve Bank.

All bankers agree that we need "an elastic currency" and "some means of rediscounting commercial paper."

These things hoped for cannot reasonably be expected to materialize unless there are available funds to meet the demands of the banks, and funds where the bankers can reasonably expect to get them upon the hypothecation of the paper they have discounted for their customers, but which has not matured. If the rediscounting feature is a good one, then the funds for rediscount must be provided for; consequently, some place operating under law must be established.

The rate of interest for this investment is, I think, reasonable at five per cent. plus forty per cent. of the net profits after providing for the surplus fund. Probably this is not what we would prefer for our money, but it is considerably better than that originally given to the national banks, under our present law.

We all know that under our present law, many of us have been indulging in a losing game under the operation of the circulation privilege. When United States bonds sell for \$107 or \$108, or even lower, and are used for circulation purposes, it shows a loss to the bank. The money invested in the bonds for circulation would show a better return

to the banks at the legal rate of interest directly loaned than in the indirect and complicated way of circulation.

The framers of the present law forced the banks to take out circulation, not for the good or pleasure of the bank, but solely to create a market for the two per cent. bonds. The banks yielded to this plan and grew in numbers regardless of their first objections.

As to whether we should invest five, ten or twenty per centum of our capital in the Federal Bank is a mere detail.

BANK RESERVES.

Another point not looked upon with favor by the banks is that relating to reserve, and how and where carried.

In my judgment this is not as bad as it might appear from a casual consideration.

In the first place, the total reserve now carried by the banks of Washington, for example, must be twenty-five per cent. of their deposits, twelve and one-half per cent. to be in the form of cash in bank, and twelve and one-half per cent. in the banks of New York, Chicago, or St. Louis.

Under the proposed law, the reserve for the banks in Washington will be reduced to eighteen per cent. Of this, nine per cent. is required to be kept in the vault of the banks, five per cent. to be carried as a credit balance with the Federal Reserve Bank in its district; the remaining four per cent. may, for a period of thirty-six months after the enactment of this bill into law, consist of balances due from national banks in central reserve cities. After the thirty-six months, this four per cent. may be either money in the banks' own vaults or a credit balance with the Federal Reserve Bank.

It is true that twelve and one-half per cent. of the reserve carried at present in a central reserve city by Washington banks bears interest at the rate of two per cent. Under this bill the five per cent. part of the reserve carried in the Federal Reserve Bank does not draw interest, and for this reason

is looked upon as a loss to the bank. But it is not. I do not deny that we lose two per cent. on five per cent. of our deposits, but as the legal reserve will be reduced from twenty-five per cent. to eighteen per cent. the banks will have seven per cent. of deposits to loan out at the legal rate against two per cent. formerly received from reserve banks. As to what this will mean in dollars and cents can be ascertained by a simple mathematical calculation.

In addition to this, under the present law, all national banks are required to carry a fund in the Treasury equal to five per cent. of outstanding circulation, on which we do not receive interest. Under this bill no such fund is required, as there will be no outstanding circulation.

It has been raised as another argument against the bill that as part of our reserve is taken from the central reserve cities, the opportunities for a satisfactory arrangement for collecting items will be curtailed; but, is this true? To provide for this the bill uses the following language:

It shall be the duty of every Federal Reserve Bank to receive on deposit, at par and without charge for exchange or collection, checks and drafts drawn upon any of its depositors upon any other depositor, and checks or drafts drawn by any depositor in any other Federal Reserve Bank upon funds to the credit of said depositor, in said reserve bank last mentioned, nothing herein contained to be construed as prohibiting member banks from making reasonable charges to cover actual expenses incurred in collecting and remitting funds for their patrons.

And with a further provision we find the following, regulating transfers of funds among Federal Reserve Banks:

The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds at par among Federal Reserve Banks, and may at its discretion exercise the functions of a clearing house for such Federal Reserve Banks, or may designate a Federal Reserve Bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its shareholding banks.

Such language leads me to believe that the system to be adopted will be,

to say the least, economical to the member banks in their collection department.

LOANS BETWEEN FEDERAL RESERVE BANKS.

Another provision of the bill which has had its share of adverse criticism is the section to "permit or require one Federal Reserve Bank to loan to another," etc. I look favorably upon this plan. It will keep or put the money where it is needed and not let it lie idle in one section where it is not needed for business purposes. The accommodated bank will not keep it any longer than it is compelled to, as it will be charged at a rate of from one per cent. to three per cent. higher than the rates in the district immediately affected. We need not lose time or thought on this point, as it will regulate itself.

SUGGESTED CHANGES IN THE BILL.

In section 15 I think, if I am correct in my assumption and interpretation of it, the Federal Reserve Bank can enter into general competition with national banks. If I am correct then this section should be changed, as such competition should be avoided.

I am also of the opinion that if a member bank goes into liquidation, or withdraws for other reasons, from the Federal Reserve Bank, its stock in the Federal Reserve Bank should be taken over at book value, and not at what it costs the member bank. This is the general rule where book values can be ascertained.

I am also of the opinion that the bill should be more specific regarding the exchange of two per cent. bonds for three per cent. bonds without the circulation privilege. It does not seem to be compulsory for a bank to ask for the transfer during the twenty years allowed for the exchange, but when application is made the Secretary of the Treasury "shall exchange." At twenty years after the passage of the act it states that every holder of two

per cent. bonds "shall receive payment at par plus accrued interest." I cannot imagine any national bank wanting a three per cent. investment, so I think the Government should allow payment at the rate of five per cent. annually at par and accrued interest for the returned two per cent. bonds.

In connection with examiners, I feel sure that the bill is making a requirement of the Comptroller in regard to shifting them so that the same examiner will not examine a bank twice in succession. I am afraid the Comptroller will find it very dif-

ficult to do this, and if it can be done, the benefits will not offset the labor and annoyance. I can imagine as many reasons why an examiner should have his own banks to examine as there are for a bank to keep the bookkeeper on the same ledgers, so they can familiarize themselves with the accounts on that ledger and thereby give more prompt response to the depositors or officers with less danger of error.

There are many other sections which I would like to deal with if space would permit, but I believe I have touched the essential features which have received the severest criticism.

Sharp Criticism of the Administration Currency Bill

BY GEORGE M. REYNOLDS.

Hailing originally from a small town in Iowa, later from Des Moines, and now president of the Continental and Commercial National Bank of Chicago, and a former president of the American Bankers Association, Mr. Reynolds is as well fitted as any man in the country to speak the sentiment of the bankers toward the Glass-Owen bill.—EDITOR BANKERS MAGAZINE.

I FEEL that while there is very much in the Administration bill which is good, there are some features in it so revolutionary, and, as I believe, so unnecessary, that I fear an attempt to put it through in its present form will have such an adverse affect on the sentiment of the people that it will be reflected in business.

Any legislation to be successful and enduring must in addition to embodying the proper economic principles be predicated on equity and justice; and inasmuch as the Administration bill, providing as it does, for the enforced entrance of national banks into the system through requiring that they shall either furnish the capital and deposits with which to make the plan a

success or suffer the penalty of having their charters dissolved, and at the same time denying them representation on the board of control, is both unjust to the banks and contrary to the spirit of Americanism, which recognizes the premise that capital shall be controlled by those who own it, the principle in the bill of attempting to force banks into the system, without giving them any voice in the management, is one which business men generally cannot accept.

If the Government on the promise that it is for the good of the people can now exact from the banks a subscription of twenty per cent. of their capital to be used in the establishment of politically controlled banking insti-

tutions, why can it not, under the same principle, exact another ten per cent. next year and so on *ad infinitum*, and if that can be done with banks in the name of the people, why cannot the Government, in like manner, compel those engaged in the dry goods, grocery and other lines of business to submit to like exactions?

If this premise should be established, is there anyone who would venture to prophesy to what extent the Government would go to establish a complete political censorship over any or all of our various lines of business that have been acquired in an entirely upright competitive way, and through the application of industry, frugality and fair dealing?

The application of this principle would mean that the man who had not achieved, might, by the exercise of his ballot, take from those who, by the application of a lifetime of endeavor and under the laws of open competition, had acquired a competency.

Entirely apart from whether or not this line of procedure by the Government is within the spirit of the Constitution, I appeal to you to decide as to whether or not you are ready to have established in the United States a system of property confiscation requiring no more effort on the part of those who would deprive you of the control of your own property than that they should cast their ballots for someone who is pledged to such a course in the event of his election.

The bankers of this country so fear the application of this principle to their business that they have spoken in no uncertain tones upon the subject, and while they realize the urgency for a reform in our banking and currency system, and recognize that the Glass-Owens bill contains many of the essentials necessary to that reform, there is injected into the system so much that is both objectionable and unnecessary, there is grave doubt as to whether enough banks would enter the system to make it operative.

WHAT WOULD HAPPEN IF BANKS DO NOT ACCEPT NEW SYSTEM.

Now, in the event this bill should be enacted and my prediction that sufficient banks to make it effective would not enter the system should come true, what would happen?

The penalty to the national banks would be the enforced liquidation of their business within one year. This would leave on the hands of the banks \$730,000,000 of two per cent. United States bonds worth intrinsically, perhaps, \$500,000,000, but what would be the penalty to the business men of the country and the public generally?

In the liquidation of a national bank one of the first things necessary for that bank to do is to deposit with the Treasurer of the United States lawful money to retire its circulating notes. On June 4, 1913, the lawful money in the 7,000 odd national banks in the country was \$917,000,000.

Now, I leave it to your imagination as to what would happen in the business world if those same 7,000 national banks were to attempt to voluntarily deposit, say \$730,000,000, or eighty per cent. of their entire lawful money, to retire their circulation, thus contracting the lawful money to the extent of three-quarters of a billion dollars.

You say, "Surely some of the banks would enter the system." All right, for the sake of argument let us say one-half would join; that would require a contraction in our circulating medium of \$365,000,000, or if two-thirds could go in, it would still mean a contraction in our currency of \$275,000,000. Where under the sun could banks go to secure that vast amount of money, and, failing to secure it, what would become of our organization of credit; and if that should fail, who in the whole country would be immune from its blighting effect?

Now, what is the real situation in connection with the ownership by the banks of this vast amount of Government bonds which the Government now seeks to use as a club



GEORGE M. REYNOLDS

to force banks to enter the proposed system in order to avoid loss, and how did the banks come to take such a large amount of bonds at a rate of two per cent., or only about one-half of the income that money invested in similar securities would command? I will tell you. It is because the national banking system was organized for the dual purpose of providing a banking system on one hand, and, through utilizing the bonds as a basis of security for national bank notes, on the other, it also provided a market for the Government's securities, as the result of which in recent years the banks have held the major portion of the securities of the Government.

Every refunding operation whereby the Government has reduced the rate of interest paid on its bonds has been made possible by the coöperation of the banks, in each case the Government has been the beneficiary, and through these operations it has saved millions of dollars per year.

The banks, while apparently benefiting to the extent of having a small profit on their circulation, as a rule have lost more in premiums on their bonds than they have made on their circulation.

FAIR PLAY ASKED FOR THE BANKS.

After the Government has succeeded, through the coöperation of the banks, in getting them to carry these bonds at above par, which without the circulation privileges could not have been sold at over perhaps seventy cents on the dollar, we are told that we must now furnish \$105,000,000 toward the capital of a new kind of system of banks—that in addition thereto we must furnish over \$500,000,000 in deposits to equip the banks thus established to enter into competition with the banks in the reserve and central reserve cities, or, if we cannot see it to be to our interest to do this and we elect to stay out, we are to be penalized by being forced into liquidation, whether or not we have violated the law under which our charters were

given, and that we can keep our bonds and sell them at a probable loss of two hundred and thirty million dollars.

Is this fair play? And do you think there would be any following of this principle if it affected the masses of the voters of the country?

If in principle it would not be wise to apply it to all the people, why should there be any attempt to make it apply to the bankers as a class?

Do bankers deserve less consideration at the hands of the Government and the people than any other class?

I most emphatically insist that in patriotism, citizenship, and the discharge of their duty to their fellow men and to the people as a whole, bankers compare favorably with any other class of business men in this or any other country, and as a class I contend that they are entitled to the respect and confidence of all good people.

"DECENTRALIZING THE MONEY POWER."

The proposed law provides that all bank reserves must consist of cash in vaults and balances to their credit at the Federal Reserve Banks.

While primarily this proposed change was prompted by a desire to decentralize the "pyramiding" of reserves, upon the theory that it is unscientific, when it was pointed out that the plan proposes that the balances carried by banks with Federal Reserve Banks and counted as reserve are to be used by them exactly as they are now used by the national banks or as a basis for extending credit in a general banking business, we were told that the real reason for such proposed drastic "re-distribution of reserves" was to "decentralize the money power in Wall Street."

Whoever was responsible for the method to be employed in the bill for that purpose did not logically determine just what the "decentralizing of the money power in Wall Street" would mean to the rest of the country when it was applied to Wall Street, for

it must by this time be quite apparent to the framers of the bill that any financial law which is enacted for the purpose of inflicting punishment upon New York, or Wall Street, must affect adversely every other section of the country.

Any attempt against the natural trend of commerce toward our centres is bound to handicap the free transaction of business, and will only increase the burdens upon business and the people.

Now, this decentralization, so-called, was thought to be desirable because it was believed by some who had to do with this bill that banks, generally, in the larger cities, have loaned their money in "Wall Street" to the exclusion of the requirements of their own customers, and further, that the great banks are unfair in their treatment of the small banks of the country.

These theories are so fallacious I shall not attempt to defend the banks against them, as I am sure that bankers throughout the country know that the reverse is true.

Competition in banking has been fully as keen as in any other line of business, and the quest by bankers for business and good average balances has given to the public and to the small bankers the most considerate and liberal treatment by the larger banks of the centres, for is it not logical to assume that it is only through serving their customers fairly and keeping them satisfied that bankers can hope to retain their business, much less increase it?

The bank with which I am connected has not for years followed the practice of keeping money loaned in Wall Street against Stock Exchange collaterals. But, on the contrary, we employ our funds by buying in the market high-class commercial paper running from three to six months, and we frequently have as much as \$35,000,000 of this class of paper in our files at one time, not one dollar of which is made by our own customers.

Now, let us take a concrete case to

determine what this "decentralizing" of money in New York really means.

Recently in a conversation with one of the leading bankers of Omaha, he told me that the banks of that city carried probably \$2,000,000 to their credit with New York banks. I pointed out this section of the bill, and asked him to what extent the change in reserve requirements would affect his city. His answer was that if banks, generally, should join the system they would lose in the neighborhood of twelve million dollars in deposits.

You will see by this that the law prepared to force money out of New York would likewise force six times as much money out of Omaha, as Omaha would have released from New York.

Now, it must be apparent that this kind of reforming would harm Omaha and necessarily disarrange the credit relations existing between the banks of that city and their borrowing customers.

The application to the whole country of the principle that will force a decentralization of money in Omaha to the extent of \$12,000,000 in order to secure a decentralization of \$2,000,000 in New York, will, in like manner and measure, very materially decentralize the concentration of money in about fifty reserve cities as well as in fifty other important and growing business cities in the United States, and it is because of a fear of a disturbance in the credit relations between the banks and their borrowing customers that bankers have asked that the section referring to reserves be so modified that one-third of the twelve per cent. required of country banks, and one-third of the eighteen per cent. required of banks in ordinary reserve cities may consist of balances with their reserve correspondents.

Thus, the plan proposed in the bill to decentralize the "money power" in New York, when applied, will affect adversely the prestige and influence in a financial and commercial way of one hundred or more of the most important cities in the United States, thereby set-

ting at variance the laws of supply and demand, which I believe are as inexorable when applied to business as is the law of gravity when applied to inanimate bodies.

An arbitrary effort to build up financial and commercial centres

through enactment of law and forcing business out of its natural channels will, I feel sure, fail in its purpose and prove to be a handicap to the successful working of the plan in the event that the bill is passed in its present form.

An Introduction Card

I am pleased to introduce
Mr. James Wilson
 to the Officers of the Federal National Bank
 knowing that when he presents this card he
 will receive the interested attention characteristic of the Federal National service.

S. F. Thorne

FEDERAL NATIONAL BANK:

I HAVE SENT AN "INTRODUCTION CARD" TO

NAME *James Wilson*

ADDRESS *30 Commerce Bldg*

BUSINESS *Lumber Merchant*

S. F. Thorne

SIGNATURE OF DEPOSITOR.

THE introduction card shown above is furnished through the courtesy of the Federal National Bank, Washington, D. C. It is folded on the dotted line, and the upper part given to the person introduced, the other part being sent to the bank.

INVESTMENTS

Conducted by Franklin Escher

Syndicates

BY LEWIS B. FRANKLIN, VICE-PRESIDENT OF THE GUARANTY TRUST
COMPANY OF NEW YORK.

There are certain "inside" things in the financial world about which it's next to impossible to get information from the printed page. The syndicate is one of them. If you don't believe it, try to look up the subject in even the best equipped financial library. Glance at the name of the author of this article. You'll see then why we consider ourselves fortunate in being able to present it to our readers.—ED.

BY reference to the Standard Dictionary it is found that a syndicate is "an association of individuals or a combination of companies united for the prosecution of some enterprise requiring large capital." A syndicate may be organized for the production of a new play, the selling of a novel or the defense of the America's cup. We will, however, take up only such syndicates as are organized for the purpose of financing the buying and selling of bonds.

The reasons for the formation of a syndicate are several. The great industrial, public utility and railroad corporations of this country have grown to such a size that their requirements to-day are measured by the tens of millions, whereas a few years ago they were measured by the millions. It frequently requires the services of more than one banking house to take care of their needs at the present time.

THE WHY OF SYNDICATES.

We therefore find that one of the most important reasons for the formation of a syndicate is the necessity for concentration of capital in sufficient quantities to finance the undertaking.

The second reason for the formation of a syndicate is the distribution of risk. Even though one banking house might be amply able to take care of

the corporation in which it was interested and finance its issues of bonds, it would naturally be reluctant to put all or a major portion of its resources in any one issue of securities, and it therefore associates with itself other corporations or firms in a similar line of business in order to distribute the risk.

The third reason is the existence of what is known as communities of interest. For example, we find in many cases four or five private banking houses having interests in the same corporation. When financing is necessary for that corporation it is quite natural that all of these various bankers should be associated in the business.

The fourth reason for the formation of syndicates and possibly the most important one is the creation of additional powers for the distribution of the securities to the general public. Securities are sold to the general public, especially to the private investor, largely on account of the confidence which the investor has in the selling house; not primarily on account of the value of the securities, because the private investor as a rule has not the means of determining this value. Each house has its own list of clients who would prefer to deal with them rather than with another; and by associating a number of selling houses with their large selling organizations, we have a concentration of selling ability which

MEGARGEL & Co.

BANKERS

Dealers in High Grade Railroad Bonds

35 PINE STREET

NEW YORK

facilitates the distribution of large quantities of bonds to the ultimate buyer.

Having found out what a syndicate is and why it is formed we will take up the method by which it is formed.

HOW SYNDICATES ARE FORMED.

A corporation finds itself in a position where it needs a large amount of cash for improvements and extensions. It goes to its bankers and sells to them a block of bonds. As I have just said, it may be that the corporation may have several bankers that are interested in the property, no one of which has an exclusive right to this business, and it is quite usual in this first purchase for several houses to be associated on equal terms; that is, at the same price—not necessarily in equal amounts. If more than one house buys the block of bonds the formation of an original syndicate is necessary, because we find that where any two or more people get together for a special undertaking it really is a syndicate in itself, and in a case where a corporation sells to a group of several investment houses the purchasers are usually known as the purchasing syndicate or, as we will call it for convenience, "Syndicate No. 1." Syndicate No. 1 simply buys the securities and then proceeds to form another syndicate for the purpose of selling them, and when formed they sell the securities to the second syndicate at an advance in price and the entire transaction of the first syndicate is closed.

In the first syndicate we usually have from two to five participants, and in the second syndicate sometimes upward of 100. In referring to the syndicate from now on, we will understand that the general selling syndicate, or Syndicate No. 2, is referred to unless otherwise mentioned.

SYNDICATE No. 2.

We will take up now the formation of Syndicate No. 2. The first syndicate has appointed from among its members managers of the second syndicate, possibly all of the members or only one. The managers issue to the selling houses invitations to participate in the underwriting syndicate. These invitations are very frequently oral, and the reason that they are so frequently oral, is that the house originating the business does not like to make a formal proposition of an interest in its business unless it is quite sure that the proposition is going to be accepted, as a declination from any well established house may act as an argument against the business and influence some other house in declining it and thus throw cold water on the enterprise. So that it is quite usual for these invitations to be oral and of a very informal nature, and in fact they are not put in the terms of an invitation until it is pretty definitely ascertained whether or not the invitation will be accepted.

We will presume, however, that the invitations have been issued and generally accepted. We then find that the



The American National Bank

SAN DIEGO, CAL.

Capital \$200,000.00
 Surplus and Undivided Profits 178,000.00
 Total Resources 2,309,000.00

J. W. SEFTON, Jr., Pres.

I. ISAAC IRWIN, Vice-Pres. L. J. RICE, Asst. Cashier
 C. L. WILLIAMS, Cashier T. C. HAMMOND, Asst. Cashier

Q A new building, the best equipment, an able and experienced staff of officers and employees—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

managers send out what is known as an allotment letter, allotting to the people who have made application for syndicate interests, or who have been invited to participate as syndicate members, various interests in this new syndicate. In a piece of business which promises much profit it is quite usual for those invited to participate to apply for large amounts and it is frequently necessary for the syndicate managers to very materially reduce those amounts, in which case the syndicate is said to be over-subscribed. The allotment letter which confirms to the application his interest in the business is either sent with a syndicate agreement for signature by the applicant or is in itself in the nature of a syndicate agreement, when properly acknowledged by another letter.

THE "SYNDICATE AGREEMENT."

We see that this syndicate is formed for the financing of a large piece of business, which is frequently of a complicated nature. The syndicate is made up of various individuals, firms and corporations, and it is quite proper that there should be some rules and laws to govern their actions, and these rules or laws are put together, and form what is known as the "syndicate agreement," which is a binding agreement between the managers, the parties of the first part, and the subscribers, or parties of the second part. This syndicate agreement, which may be in the form of a pamphlet, or in the form simply of an interchange of letters,

sets forth first the price at which the syndicate is formed. This price is not necessarily the price the corporation receives for its securities. As I have said, there is frequently a syndicate No. 1 which comes in between the corporation and syndicate No. 2, and makes an original profit out of the transaction. It has been decided in the courts of the State of New York that it is necessary for Syndicate No. 1, whether composed of one firm or corporation or many, to state definitely that it has made a profit when presenting the proposition to Syndicate No. 2. In other words, participants in Syndicate No. 2 must not be allotted an interest in the syndicate on the presumption that they are getting original terms when such is not the case. So that in any syndicate agreement or syndicate letter you will always find some reference to an original profit or else you will understand that such an original profit was not made and that the participants in the syndicate are participating on original terms.

The syndicate agreement then goes on to state the selling terms, that is the price at which the bonds are to be sold, the commissions which are to be allowed to either the members of the syndicate or to outside brokers, the duration of the syndicate, and whether or not the syndicate managers have power to extend the duration of the syndicate. The agreement frequently gives the syndicate managers power to purchase in the open market such bonds of the particular issue covered by

J. K. RICE, Jr., & CO., BUY AND SELL

Singer Manufacturing Stock
Autosales Gum & Chocolate Stock
American Meter Stock
Atlantic Fruit & S. S. Stock
Bordens Milk, Com. & Pfd. Stock
Childs (Rest.) Com. & Pfd. Stock

Computing-Tabulating Rcdg. Stock
DuPont Powder, Com. & Pfd. Stock
International Nickel, Com. & Pfd. Stock
Lackawanna R. R. of N. J. Stock
Mohawk Valley Stock
National Lt., Ht. & Power, Com. & Pfd. Stock

Phones 7460 to 7466 Hanover **J. K. RICE, Jr., & CO.** 36 Wall Street, New York

the agreement as may be offered. This power is given in order that they may sustain the price, and make the bonds more attractive to the public by providing a good market for them.

PENALTY FOR BREACH.

The penalty for a breach of the agreement is usually the cancellation of the participation of the firm or institution that has broken the agreement. As a rule, agreements of this kind are well observed. There are comparatively few breaches of faith on the part of syndicate participants, and almost all of them are due to an excess of zeal in an endeavor to sell bonds, resulting in some concession being made in price. That is one of the difficulties which the syndicate manager meets every time he starts a selling campaign, that is, to make everybody keep the price absolutely rigid.

THE UNDIVIDED JOINT ACCOUNT SYNDICATE.

We have several general kinds of syndicates. First we have the undivided joint account syndicate. This is a syndicate in which each subscriber makes himself liable for a certain amount of the syndicate and remains liable for his pro rata amount until every bond in the syndicate is sold. A firm may take \$100,000 participation in the syndicate, may sell for that same syndicate to its customers \$200,000, and still be liable for \$90,000 in the syndicate. They had sold twice the amount of their participation, and still are liable for nine-tenths of the amount, the reason being that they are selling for the pool account, not for their own account; are selling for every member of the syndicate and not only for themselves, and their liability does

not cease until the entire amount of bonds is sold. On the other hand a firm may participate for \$100,000 and not make any sales of bonds and yet realize a handsome profit on the transaction. It is quite obvious that a firm having this sort of record is not greatly desired as a syndicate participant. This undivided joint account is the most usual kind of syndicate.

THE DIVIDED JOINT ACCOUNT.

We also have what we call a divided joint account. This is really not a syndicate. In the case of a divided joint account the participants have delivered to them the amount of bonds allotted to them at the syndicate price and their liability is confined to this amount of bonds only, and when they have sold these bonds their liability ceases. If the firm who subscribed for \$100,000 of bonds sells \$100,000 they are free from liability, no matter whether the next participant in the syndicate has sold any bonds or not. The reason this might be called a syndicate is simply that the participants are sometimes restricted as to territory, they are restricted as to price, and all other buyers of the bonds, or members of the syndicate, are also restricted by the same agreement, and in that way they come under the general head of syndicates, though really they are not partners in the enterprise in any way or dependent one upon another.

WITHDRAWN PARTICIPATION.

We have another sort of syndicate, or rather another sort of participation, and that is what we call a withdrawn participation. A participation in a divided joint account is really a withdrawn participation. But sometimes in the undivided joint account where the

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

responsibility continues until all bonds in the syndicate are sold, sometimes in that kind of account we give what are called withdrawn participations. As for instance, a large institution has \$1,000,000 to invest and on account of this large amount available for investment is in a position to demand an interest in the syndicate, but they are not distributors of securities, and they will be glad to buy the securities for investment. In such a case they are given what is known as a withdrawn participation. They are given a participation the same as the other participants, but take the actual bonds, pay for them and do not have any further liability except that they are under pledge not to sell those securities until the closing of the syndicate. They are usually charged by the syndicate managers an extra price for the privilege of withdrawing, which price covers the expenses of the syndicate and some small profits to the other members. That is a method of interesting large buyers of securities who demand special prices and are entitled to get them, and results, not in getting any real profit to the syndicate, but in diminishing the amount of bonds which the syndicate has to sell.

WINDING UP A SYNDICATE.

When a syndicate is closed, either on account of selling all of the bonds or

on account of the expiration of the time limit, the managers have to settle up with the participants. If the syndicate sells all of its bonds and has a good profit, there is never any trouble about settling up. In that case a call is made on the members who are still carrying a few bonds at the carrying price we have referred to, and those bonds are delivered to the manager and he in turn delivers them against the final sales that have been made, and the proceeds of the sales are paid to him. His expenses are then met, and the manager finds that he has nothing but money in the account—no bonds, no commitments, nothing but money, which is all profit. And that profit is simply distributed to the syndicate participants in the exact proportion their participation bears to the entire amount of the syndicate.

When we have bonds unsold remaining to the syndicate at its expiration, we have a little different situation. Where will these bonds be? They will be in the hands of the various members of the syndicate, and in case they were distributed for carrying purposes they will be in their hands at the purchase price. We will say that eighty per cent. have been sold and sold at a profit, so that twenty per cent. still are distributed among the various participants at the purchase price. The usual course is for the managers to make sure that each syndicate participant has the exact proportion to which he is entitled (in this case it must be exact) and then to advise him that those bonds are now his property, which heretofore were the property of the syndicate, because they are the exact proportion to which he is entitled. And then after he has advised the syndicate members to that effect the managers make a dis-

THE BANKERS DIRECTORY

"THE RED BOOK"

In its thirtieth year and
BETTER THAN EVER

tribution of any profits that may be on hand.

PROFIT AND LOSS.

Very few syndicates are closed with a cash loss. The reason for this is quite obvious. The losses result from the failure to sell bonds, and the subsequent decline in the price of the bonds, and it is not that the syndicate sells at a loss, because it very seldom does. They do not sell if they can't sell at a profit—so that very few syndicates show actual loss in cash. They show unsold bonds which have depreciated in price, so that a loss is incurred if you try to sell.

If there should be any cash loss the procedure would be simply to send statements to the participants and make them pay their pro rata losses. Unsuccessful syndicates usually have a very large amount of unsold bonds which have declined below the price which the syndicate paid for them. These bonds have to be taken up by the members who participated in the syndicate in the exact proportion of their syndicate participation and paid for at the purchase price, and if the market

is below this price, that is where the loss comes in.

The idea is generally prevalent among the outside public that bond syndicates are uniformly profitable, and that the general public are the only ones that ever lose on bond transactions. This view is quite at variance with the experience of bond dealers, who have found that bond syndicates frequently are losing ventures. It is also generally considered that the amount of profit in syndicate transactions is very large. Considering the fact that a participant in a syndicate puts up his money and gives control of it to some one else, takes the risk of a fall in the market without getting the full benefit of a corresponding rise in the market and considering the fact that the losses in syndicate transactions, when such losses occur, are usually heavy, the compensation or profit for undertaking such business is, on the whole, very small compared with the profit to be realized in ventures of a similar nature in other lines of business. Those who have an intimate knowledge of the bond business do not believe that the investment banker is overpaid for his work.

Investment and Miscellaneous Securities

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 36 Wall St., New York.

	Bid.	Asked.		Bid.	Asked.
Adams Express	115	121	Hudson & Manhattan Com.	4	8
American Bank Note Com.	45	48	Hudson & Manhattan Pfd.	7	12
American Bank Note Pfd.	50	53	International Nickel Com.	116	118
American Brass	133	138	International Nickel Pfd.	102	104
American Chicle Com.	206	210	International Silver Pfd.	117	124
American Chicle Pfd.	95	100	Kings Co. E. L. & P.	118	120
American Dist. Tel. of N. J.	51	56	Maxwell Motor Com.	2 1/2	3 1/4
American Express	116	120	Maxwell Motor 1st Pfd.	21	23
Atlas Portland Cement Com.	35	50	Maxwell Motor 2d Pfd.	6 1/2	8
Atlas Powder Co.	167	112	New Jersey Zinc	540	580
Autolite Gum & Chocolate	12	15	New York Railways	17	20
Babcock & Wilcox	98 1/2	160	Otis Elevator Com.	70	73
Borden's Condensed Milk Com.	114	115 1/2	Otis Elevator Pfd.	93	95
Borden's Condensed Milk Pfd.	105	106 1/2	Phelps, Dodge & Co.	205	215
Bush Terminal	45	55	Pope Mfg. Com.	1	4
Celluloid Company	127	133	Pope Mfg. Pfd.		15
Childs Restaurant Co. Com.	125	133	Remington Typewriter Com.	32	35
Childs Restaurant Co. Pfd.	101	104	Remington Typewriter 1st Pfd.	98	100
Computing-Tabulating-Recording	33	36	Remington Typewriter 2d Pfd.	97	100
Connecticut Railway & Light Com.	65	70	Royal Baking Powder Com.	102 1/2	104
Del., Lack. & Western Coal.	260	273	Royal Baking Powder Pfd.	109	111
E. I. du Pont Powder Com.	123	126	Safety Car Heating & Lighting	106	110
E. I. du Pont Powder Pfd.	86 1/2	88 1/2	Sen Sen Chicle	296	301
General Baking Co. Com.	12	17	Singer Manufacturing		35
General Baking Co. Pfd.	52	57	Standard Coupler Com.	20	25
Hercules Powder Co.	110	113	Union Ferry	48	50
Hudson Companies Pfd.	11	16	U. S. Express		18
			Virginian Railway	95	98
			Wells Fargo Express	7 1/4	8
			Western Pacific		

BANKING PUBLICITY

Conducted by T. D. MacGregor

A Special Savings Campaign

How a Denver Institution Secured Many New Permanent Depositors

THE City Bank and Trust Company of Denver, Col., recently conducted a successful newspaper advertising campaign for savings under the special title of "THE DENVER THRIFT CLUB."

Mr. W. J. Galligan, vice-president of the institution, who had general oversight of the special publicity effort, is very enthusiastic over the results. He is of the opinion that the idea of the regular saving and depositing of a definite minimum amount, continued over a long period, which was the essence of the plan, is what makes it a permanent success.

Mr. H. A. Blodgett of St. Paul, Minn., the originator of the plan and the holder of the copyright, says of it:

"This plan, used in Denver and other cities, is based on the principle that thrift is an attribute which is not acquired in a moment. Real thrift must

be a habit. Habit is formed by repeating an action until it becomes automatic. Therefore in order to instill deep-seated habits of thrift the individual must acquire, by degrees, the habit of saving money.

"The Thrift Club' creates, in a short, crisp campaign, a large number of new savings accounts, the owner of each being pledged to make regular weekly deposits of an agreed amount for a certain period of time. The plan also contemplates a method of following up these new accounts and developing them."

The copy of one of the most striking advertisements in the series was as follows:

THIS IS THE LAST DAY

The Thrift Army which has been organized as the "Denver Thrift Club" will start today on its march to bigger and better things—every one who has enlisted will find

ready cash

—there's magic in it!

With it you can pay expenses when out of work, be free from debt should illness occur, grasp the business opportunity—in a word BE INDEPENDENT.

Get your Ready Cash fund started by opening a Savings Account with this bank today.

4% Interest Paid on Savings.

**Missouri Valley Trust
Company**

SOUTHEAST CORNER FOURTH & FIFTH

A Man's Tribute to His Wife

"Since I gave my wife a bank book and began turning over to her a regular sum each month, I never have the slightest worry over household affairs. She regulates expenses as she has a comfortable balance, and I tell her she has a great business head."

A thrifty woman can do wonders toward helping her husband get ahead if she keeps up the home in a systematic way with a bank account. Come in and let us talk this over. We start accounts for \$1.

Sacramento Bank

431 J Street.
1000 K Street.
3418 Sacramento Avenue.

A SAVING BANK.

Oldest, largest
and strongest in
Northern California.

SHOWING THE EASE OF READING "CAPS AND LOWER CASE" DISPLAY

himself much better off in many ways when the goal has been reached.

If you *can't* keep step, you won't lose, for you may draw *all* you have deposited at any time.

But you *won't* fail.

Join one of the sections—and deposit either 50c., \$1, \$2 or \$3 a week.

All are invited. No cost to join.

This is the last day.

Open tonight 6.30 to 8.30.

The City Bank and Trust Company.

Mr. Galligan said that fully ninety-nine per cent. of those who started in the club were sticking to it and he expects that most of them will stay the whole forty-eight weeks. He believes that the efficacy of good newspaper advertising has been conclusively proved in the case of his bank. He said that it would have been possible to increase largely the number of members by sending out solicitors to talk the benefits of the Thrift Club to the people personally, but the officers of the bank did not care to take on a lot of accounts of persons not sufficiently interested in their own well being to visit the bank and do something for themselves.



Daily Advertising

Recommended by Banker Lamb of
Syracuse.

IN an address before the Syracuse, N. Y., Advertising Men's Club, Anthony Lamb, vice-president of the Commercial National Bank of that city, discussed the currency measures and advertising by banks.

Mr. Lamb expressed his belief strongly in newspaper advertising. He remarked that for a long time it was considered beneath the dignity of a bank to advertise.

"In my opinion," said Mr. Lamb, "continuous advertising in the local newspapers, if the subject matter is changed frequently and of a character that will attract attention, both by its composition and arrangement, is one of the most valuable kinds of advertising.

"It is before the public every day in the year and is bound to be seen and read if it is good advertising."

Mr. Lamb told of his first experience in advertising when a member of the firm of Smith, Powell & Lamb. The firm imported a number of Holstein cattle from Holland and sought a market. It had few inquiries for these from Southern States, but a Southern agricultural paper wrote the firm that there was considerable interest near Louisville regarding this importation and offered to insert an advertisement. As a result of a \$10 advertisement the firm sold \$40,000 worth of cattle in that section.

Mr. Lamb thought that bank advertising is one of the most difficult kind to write. The writer must be familiar with the technical points of the business.

"I thoroughly believe in persistent, intelligent advertising for any business," he said. "The business man who does not advertise may succeed for a time, but in the end he will be in the position of the merchant Mark Twain told about.

"When Mark Twain in his early days was the editor of a Missouri paper a

How the Northern State Bank Has Grown

THE FIGURES of a bank's deposits at different dates form a barometer of its growth. On October 21, 1914, when the State Banking Department called for a statement, the deposits of the Northern State Bank were \$912,009.43. A comparison statement of the deposits of this bank for the past dozen years is interesting.

Organized Sept. 1, 1901	\$
October 21st, 1901	\$ 44,963.79
October 21st, 1902	184,441.59
October 21st, 1903	266,529.84
October 21st, 1904	257,454.11
October 21st, 1905	389,921.04
October 21st, 1906	355,441.49
October 21st, 1907	612,029.57
October 21st, 1908	562,036.70
October 21st, 1909	615,728.98
October 21st, 1910	756,994.23
October 21st, 1911	636,074.62
October 21st, 1912	740,905.35
October 21st, 1914	912,009.43

Why the Northern State Bank Has Grown

THE FOREFIGURE shows conclusively that this is a growing institution, and the reason for this steady growth is not far to seek. The people of Grand Forks and vicinity have confidence in the Northern State Bank, and its customers are assured that its conservative policies, well and wisely, their interests in every way possible.

The officers and directors of this bank enjoy the respect and confidence of the community and bring to the direction of the bank's affairs a wide and varied experience which is a sure guarantee of efficient service and conservative management.

Your deposits and business will be welcomed here

The Northern State Bank

R. J. Lander, Pres. W. H. Hadden, Third Vice R. C. Boudreau, Cash Treasurer
C. W. Breen, Cashier

A LOGICAL PRESENTATION



VERY APPROPRIATE EMBLEM, THE AMERICAN BANK & TRUST CO., PETERSBURG, VA.

superstitious subscriber wrote him saying he had found a spider in his paper, and asked whether that was a sign of good luck or bad luck.

"The humorist wrote him this answer: 'Old subscriber: Finding a spider in your paper was neither good luck nor bad luck for you. The spider was merely looking over our paper to see which merchant is not advertising so that he can go to that store, spin his web across the door, and lead a life of undisturbed peace ever afterward.'"



Christmas Advertising

THIS is the month for Christmas savings account advertising. In your newspaper copy and circular matter now take advantage of the holiday spirit which is in the air. You cannot make a mistake in doing that.

To give our readers a suggestion along this line we reproduce one of the newspaper "Talks on Thrift" prepared by the editor of this department and sent out by the Savings Bank Section of the American Banker Association:

A LIFELONG CHRISTMAS GIFT.

"Never treat money affairs with levity; money is character."—Bulwer.

Did you ever stop to think that nearly all the virtues have something to do with the use of money? Take honesty, justice, generosity, charity, frugality, forethought, self denial, for instance.

When you do consider this you will see the importance of a right conception of the

value of money and its use, and the appropriateness of a savings bank account with a first deposit in it as a Christmas gift for young persons.

Parents, do you realize that the success of your children will depend, to a considerable extent, upon the start you give them?

And it is not so much the amount of money you leave them as it is the kind of habits they learn from you.

When, as a Christmas gift for your son or daughter, your nephew, niece or grandchild, you start a savings account for him or her in the bank, you are doing a very wise thing, because you are making it easy for the young person to acquire the saving habit, something which will be of lifelong benefit to him.

So while you may give only a few dollars in actual cash, you will be starting the boy or girl on the right road and you will be inculcating a lesson of thrift which ought to mean a great deal to the child later on, not only in dollars and cents, but also in character, happiness and usefulness.

Why not try this plan this Christmas, and be an unusually sensible Santa Claus?



Plans for Next Year

BANKERS should take a leaf from the experience of large general advertisers and plan their year's advertising well in advance. It is none too

CAPITAL, SURPLUS AND UNDIVIDED PROFITS	
The Bank of California, N. A.	\$10,400,000
Wells Fargo Nevada National Bank, S. F.	\$11,131,000
Anglo-London Paris National Bank, S. F.	\$6,773,000
Northwestern National Bank Minneapolis	\$5,522,000
First National Bank, St. Paul	\$5,313,000

A COMPARATIVE STATEMENT

of the five largest national banks west of the Missouri river as to protection to deposits.

WE INVITE NEW ACCOUNTS THE BANK OF CALIFORNIA

N. A.
SEATTLE BRANCH, SECOND AND COLUMBIA

VERY STRONG DISPLAY

soon to take a birdseye view of your advertising and new business efforts for the year 1914.

This is only carrying out the principles of efficiency and good management which you like to see on the part of your customer and which you strive

to attain in other branches of your bank's work.

If you do as most successful advertisers do, you will consult a specialist in considering your advertising plans and expenditures during the coming year.



How Banks Are Advertising

Note and Comment on Current Financial Publicity

SOME banks have a minimum on checking accounts and charge a dollar a month for the care of accounts whose balances fall below that amount. The thing for the bank to do under these circumstances is to advertise the checking account as a privilege and a service fully worth the charge. Show how it would take the fees on only a few postoffice money orders in a month to make up for the dollar charged for an account which permits the owner to write his check in payment of out-of-town accounts.

The Guaranty Trust Company of New York issued a digest of the Federal reserve act, as passed September 18th, 1913, by the House of Representatives. The digest gives the busy man a comprehensive idea of the new currency measure now being considered by Congress. The typographical form is particularly clear and the circular is in very handy form.

The publicity department of the Old Colony Trust Company of Boston is distributing a digest of the new income tax and a handsome little brass calendar for 1914 to its patrons. The income tax digest is an especially good thing as there is still considerable popular ignorance of the workings of the new

law, and a book of this kind ought to be a valued gift to many depositors of any bank.

The Union Trust and Savings Bank, Spokane, Wash., also issued a particularly complete booklet explaining the provisions of the new Income Tax Law.

The Citizens Central National Bank of New York accompanied a booklet on the new tariff with this letter:

The Citizens Central National Bank
of New York
320 Broadway

Believing that many of our customers and friends will be interested in the schedules of the new tariff, we have had prepared in pamphlet form for convenient reference a condensed copy of the bill, which we take pleasure in enclosing herewith.

The text of the law relating to the income tax will be found in Section two.

E. S. SCHENCK, President.

Among the good bank booklets received this month were: "Why an Ex-cutor?" by the Southern Trust Company, Clarksville, Tenn.; "How's the Family?" by the American Trust and Savings Bank, Birmingham, Ala.; and "A Brief History of American Currency" by the First National Bank of Brooklyn, New York city.

A Modern Bank With Modern Service

STATEMENT OF ACCOUNT																	
Mr. John Doe, Washington, D. C.										FEDERAL NATIONAL BANK OF WASHINGTON, D. C.					ENCLOSURES Vouchers as listed below		
FOR THE MONTH OF <u>October 1913</u>																	
LINE NO.	DAY	CHECKS IN DETAIL										TOTAL	DAY	DEPOSITS			
		CHECKS	DAY	CHECKS	DAY	CHECKS	DAY	CHECKS	DAY	CHECKS	DAY						
1	1	300	00									1	300	00	Balance Forward -	958	50
2	3	210	05									3	246	04	2	150	00
3	"	58	01									7	603	08	5	355	62
4	7	608	08									10	9	25	8	458	37
5	10	8	25									12	75	00	13	387	54
6	12	75	00									15	450	00	16	500	00
7	15	250	00									18	32	50	23	260	00
8	18	12	50									21	80	45			
9	21	83	45									22	204	36			
10	22	156	91														
11	"	47	45														
12																	
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To the Banking Public:
 This is a specimen of our Monthly Statement.
 When you become a depositor here we will place in your hands on the first day of each month a complete "Statement" of your account for the preceding month, with the return of all checks which have been paid.
 You know regularly the exact condition of your account, as this statement shows the

**Balance to Your Credit,
Record of Deposits Made,
And List of All Checks Paid.**

This system also saves you the inconvenience of presenting and calling for your Pass Book

Opens
Daily
8:30
A. M.

The
**FEDERAL
NATIONAL BANK**

Opens
Daily
8:30
A. M.

Southeast Corner 14th and G

Total Credits	2,967 98
Total Debits	1,782 71
Balance	1,185 27

THE SPLENDID MONTHLY STATEMENT SYSTEM OF A WASHINGTON, D. C., BANK

The Mississippi Valley Trust Company of St. Louis in October got out a special autumn leaf-covered edition of its house organ, "Service," dealing with the much discussed provisions of the new income tax law. This shows real enterprise, and a number of other banks have been wise enough to perform a similar service for the bewildered public.

The Peoples Savings Bank of Cedar Rapids, Ia., in a newspaper advertisement runs a list of the owners of the bank, with their business connections, and adds this:

This bank occupies its own bank building, acknowledged by everyone to be without question the best banking quarters in the State. The massive steel vault protected by the great circular door weighing fifty thousand pounds, is the only one of its size in the State. For less than a penny a day you can place your valuables beyond the possibility of loss, by renting one of the safe deposits boxes in this vault. Once tried you will find it a real necessity.

A correspondent who has been studying our hints on bank advertising, writes:

Such is the force of habit that everywhere I travel the first thing I look for in a daily paper is the bank advertising.

In a certain city of considerable size I was amazed to see the "Stop, Look, Listen" advertisement, a copy of which I enclose. It was the ad. of a big bank, too. The cashier meant well, but really couldn't he have used his space to better advantage? I'll refrain from using the bank's name. Its officers didn't ask my advice.

The copy of the ad. submitted is as follows:

STOP, LOOK, LISTEN.


Stop—That's an invitation not to pass our door without coming in and getting acquainted.

Look—That's a reminder to see who the officers and directors of the bank are.

Listen—That's a solicitation for any kind of banking business which you may have.

F. Dwight Conner, advertising manager of the Guardian Savings and Trust Company, Cleveland, sends us a booklet with a cover like an old will. The title is "Why You Should Make a Will." It tells why very clearly and gives valuable information on probate matters in the State of Ohio.

"A Trip Through a Treasure Cave" is the enticing title of a safe deposit booklet issued by the Security Trust and Savings Bank of Los Angeles. Mr. J. F. Donnellan, publicity manager, says that he thinks it is "a little out of the ordinary in so far as it wandered out of the beaten path of safe deposit




Value of Credit

Ask any business man how he induces his credit. Ask him if he could have succeeded without credit to fall back on in times of stress or opportunity.

Credit is based on money or property owned. A dollar saved will do more to strengthen credit than a hundred spent. Getting cash ahead in this bank is getting up credit here ahead—making more cash than you can need available when necessary.

Build your surplus and your credit at this bank.

HERSHEY STATE BANK
THIRD AND BYAMORE ACROSS FROM THE HAYMARKET MUSCATINE, IOWA




Your Wealth Will be Acquired

not by brilliant speculations or lucky ventures in finance, but by the daily practice of industry—habitual thrift.

You have, in the savings department of **THE FIRST NATIONAL BANK**, an opportunity to school yourself in thrift, and cultivate the habits that will lead to prosperity. Begin at once.

FIRST NATIONAL BANK
OF NORTH YAKIMA
United States Depository



The Highest State of Efficiency

The present official staff of the Tootle-Lemon National Bank has spent many years in endeavoring to bring the bank to the highest state of efficiency. Its effort has been spent in this direction, not only that the routine of the bank might run smoothly, but also in order to give its patrons prompt service, individual attention and broad facilities which would make the bank a special factor in the despatch of their business.

THE TOOTLE-LEMON NATIONAL BANK
SIXTH & FRANCIS STS.
ST. JOSEPH, MO.



Look Ahead Act Now

A great many people are looking backward, wondering why so many opportunities have slipped through their fingers. In most cases it is because they failed to **LOOK FORWARD**.

Look forward and act now. There is no doubt in your mind that you will need money. Don't expect to make it suddenly. **SAVE** your opportunity fund at the Home Savings Bank.

THE HOME SAVINGS BANK
MADISON AVE. & SUPERIOR ST.
TOLEDO
ESTABLISHED 1892 RESOURCES \$3,290,000.00

EXCELLENT USE OF BANK BUILDINGS IN BORDER DESIGN

THE ENGINEER'S MONEY

Interest at the rate
of 4% per annum,
payable quarterly.

The First of a Series of Talks to
Folks Who Are or Should be Savers

\$1.00 STARTS AN
ACCOUNT
DON'T DELAY
Come and see us today.



MR. C. J. WEEKS

Mr. C. J. Weeks, whose picture is shown herewith, is an engineer in the service of the Rockwood Air Line Railway, and is the second oldest engineer of the Florida division. His run of 212 miles, from Jacksonville to Tampa, is covered in six hours. His locomotive, known as No. 638, is his pet and he cares for it as if it were a little child, looking into every detail, keeping her bright as a new dollar. Operating a passenger locomotive is one of the most hazardous of all occupations, and when a man prides himself that he is a locomotive engineer THAT MAN is looked upon as a person of responsibility. But, added to a man's high standing, personality and otherwise, is any responsibility, there must be qualifications other than responsibility. One of these—and most important of all—is INDEPENDENCE. The gateway to the Road of Independence is HAVING MONEY. Engineers make good money, some save it, others don't, but it is conceded that ALL ENGINEERS SHOULD HAVE MONEY. That is, "right of way" and "high ball" it on this (Rail) Road of Independence by opening a Savings Account with THE HEARD NATIONAL BANK. Don't let any one—near or far—tease you on this "trip" to the Station of Independence. Get right down to the "throatle" of your own conscience, "side-track" some of your pleasures, and the "right-of-way" of life belongs to you and your family. Build a little railroad out of your salary on the first of the month, and begin operating "The Limited." Let "The Limited" consist of a fixed amount set aside to operate between you and Independence Station. "The Limited" is bound to become a popular train with you, and the first thing you know the interest "traffic" will be so remunerative that you'll be "switching" back to accommodate the "traveling" interest. This applies to Farmers, Business men, workmen—you're all good men, substantial citizens, splendid fellows, but YOU SHOULD HAVE:

Millions and Millions of men and women are tied to one spot, to one line, to one little piece of drudgery, just as much as any slave was ever tied to a millstone, created to be run over, trot out of the rut, and start this way-day. Don't let the "black" hold you back—get loose and start today, and you will swing your net "Independence" on time."

THE HEARD NATIONAL BANK of JACKSONVILLE

CAPITAL

\$1,000,000.00

SURPLUS

\$250,000.00

OFFICERS:

J. J. HEARD, President
W. B. SADLER, Vice-President
J. G. BOYD, Vice-President

CLARENCE W. HENDLEY, Cashier
JOHN M. BELL, Assistant Cashier
GEO. C. MARLITT, Auditor

Make This Bank Your Bank

A STRIKING DISPLAY

(REDUCED FROM A FULL-PAGE NEWSPAPER ANNOUNCEMENT)

literature," and he is right. One of the best features, aside from the unique title, is a halftone picture showing a group of the safe deposit boxes of various sizes. We have never seen this

done in a safe deposit booklet before. It is a good idea. The Savings Union Bank and Trust Company, San Francisco, shows the whole interior of its vault in a postcard view.

Bank Advertising Exchange

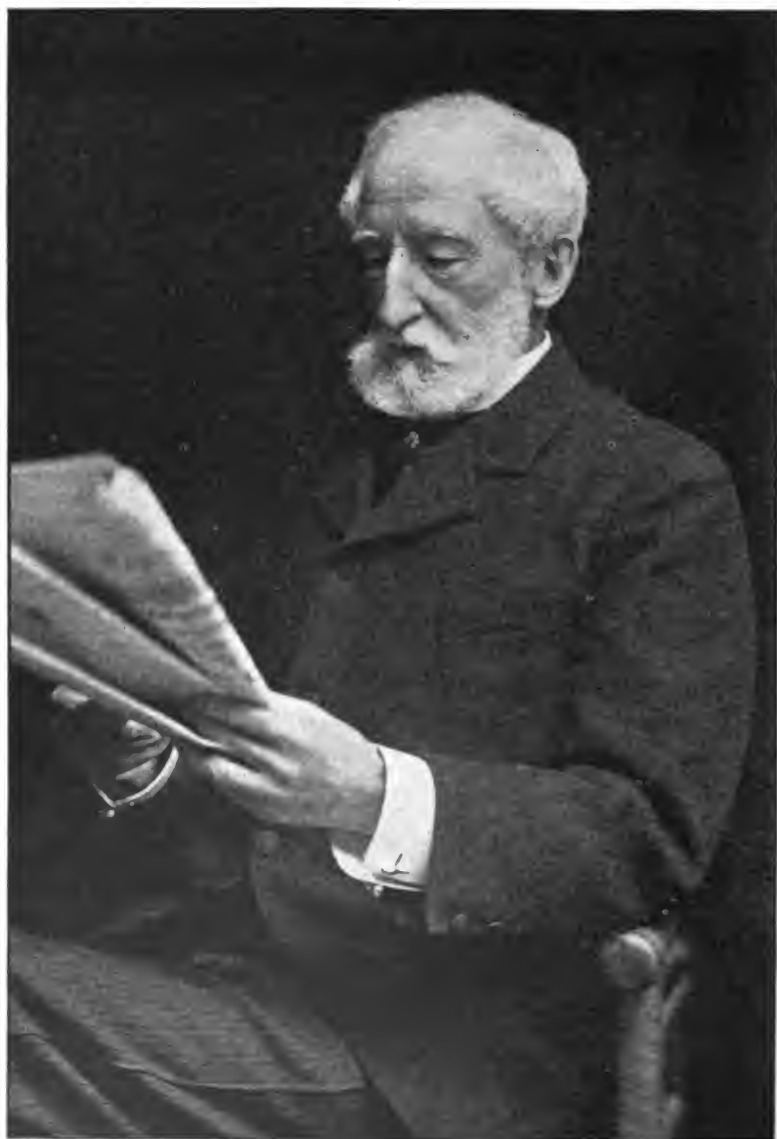
Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and other changes.

F. R. Adams, Will Co. National Bank, Joliet, Ill.
 A. F. Bader, Pub. Mgr., City National Bank, Evansville, Ind.
 C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
 The Bankers Magazine, New York
 H. C. Berger, Marathon County Bank, Wausau, Wis.
 B. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.
 W. O. Booser, treasurer, American Trust Co., Jacksonville, Fla.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
 E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
 C. W. Beerbower, National Exchange Bank, Rosnoke, Va.
 H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
 Commercial Bank, Midway, Kentucky.
 B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.
 Commercial Trust & Savings Bank, Prescott, Ariz.
 H. Reed Copp, Asst. Adv. Mgr., Old Colony Trust Co., Boston, Mass.
 Arthur S. Cory, Chehalls National Bank, Chehalls, Wash.
 H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
 Dexter Horton National Bank, Seattle, Wash.
 J. T. Donnellan, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.
 T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
 W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
 J. C. Eherspracher, assistant cashier, First National Bank, Shelbyville, Ill.
 A. A. Ekirch, secretary, North Side Savings Bank, New York City.
 F. W. Ellsworth, Publicity Manager, Guaranty Trust Co., New York.
 The Franklin Society, 38 Park Row, New York.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 First National Bank, Lead, S. D.
 Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.
 A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Jas. P. Gardner, Hanover National Bank, New York City.
 Germantown Ave. Bank, Philadelphia, Pa.
 C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
 B. P. Gooden, adv. mgr., New Netherland Bank, New York.
 C. F. Hamsher, First National Bank, Los Gatos, Cal.
 Victor F. Hann, Mgr. Publicity Dept., The Fifth Avenue Bank, New York City.
 J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
 E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.
 John R. Hill, Barnett National Bank, Jacksonville, Fla.
 J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.
 N. M. Hokanson, State Bank of Chicago, Chicago, Ill.
 Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
 W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.
 Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.
 W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.
 Henry M. Lester, National City Bank, New Rochelle, N. Y.
 L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
 R. H. Mann, The Bridgeport Trust Co., Bridgeport, Conn.
 H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.
 Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
 Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
 Nebraska State Bank, Ord, Neb.
 J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
 R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.
 A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
 Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.
 C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
 George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 Almont Schlenker, assistant cashier, First National Bank, Brenham, Tex.
 Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.
 T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 A. C. Tonsmeire, Cashier, City Bank & Trust Co., Mobile, Ala.
 Union Trust Co. of the D. C., Washington, D. C.
 Wessels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.
 John W. Wadden, Lake County Bank, Madison, S. D.
 Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
 E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

NEW NAMES THIS MONTH

N. W. Johnston, President, Illinois Trust & Savings Bank, Champaign, Ill.



JAMES H. BEAL
PRESIDENT SECOND NATIONAL BANK, BOSTON
1857-1888



THOMAS P. BEAL
PRESIDENT SECOND NATIONAL BANK, BOSTON, SINCE 1888



THOMAS P. BEAL, JR.
VICE-PRESIDENT SECOND NATIONAL BANK, BOSTON

Recent Changes in the Second National Bank of Boston

THE recent retirement of T. Harlan Breed as cashier of the Second National Bank of Boston calls attention to the fact that during its entire history there have been few changes

profits to \$3,000,000, and deposits to \$22,000,000.

Wallace L. Pierce, first vice-president, is president of S. S. Pierce Company, Boston's leading grocery house, and succeeded Charles W. Fairbanks in that office.

Mr. Beal's son, Thomas P. Beal, Jr., the active vice-president of the bank, came to the Second after graduating from Harvard in 1906, followed by connections with Kidder, Peabody & Company, and the Northwestern Bank of Minneapolis, that well-known training school for bankers.

John H. Symonds succeeds Mr. Breed as cashier. He came to the Second



JOHN H. SYMONDS
CASHIER SECOND NATIONAL BANK, BOSTON

in the officials of this, one of Boston's best-known financial institutions.

For over fifty years the presidency has been in the Beal family, James H. Beal taking up this office at the age of thirty-four, when the capital of the bank was but \$900,000, its deposits but \$113,000 and its stock selling at seventy-five.

Mr. Beal's administration saw the capital increased to \$1,600,000, surplus and undivided profits of over \$1,000,000 accumulated, and the bank's deposits raised to \$5,000,000. Moreover, the stock had then risen to 152.

The growth of the bank under his son, the present president, Thomas P. Beal, has been equally marked. For under his guidance the capital has increased to \$2,000,000, surplus and



FRANK H. WRIGHT
ASSISTANT CASHIER SECOND NATIONAL BANK,
BOSTON

from the Merchants Bank of Salem in 1869 and is the oldest in point of service of anyone now connected with the institution. Up to the time of Mr. Breed's resignation he was assistant cashier of the bank.

Frank H. Wright, assistant cashier,

came to the Second when it took over the National Suffolk Bank in September, 1908. He began his banking career in 1895 with the old Suffolk National Bank, which absorbed the Washington National in 1902 and became the National Suffolk Bank, where Mr. Wright was assistant cashier.

Horace F. Fuller, who has just been made assistant cashier, was formerly connected with the National Bank of Redemption and the National Suffolk Bank and went to the Second when it took over the latter institution. Mr. Fuller was for nine years a member of the Massachusetts Naval Brigade and during the Spanish war was an ensign on the U. S. S. Lehigh and the U. S. S. Marcellus.

The Second National is an institution of the highest standing in the financial world. It was the immediate successor of the old Granite Bank of Boston, chartered in 1833, and has had a long and successful history. Its management has always enjoyed public confidence and with ample capital and equipment and quarters modern in



HORACE T. FULLER
ASSISTANT CASHIER SECOND NATIONAL BANK,
BOSTON

every respect, it is prepared to maintain and improve its former standard of service.

SAFE DEPOSIT

Sealing Safe Deposit Boxes

A MATTER of some importance to safe-deposit companies was involved in a suit decided recently in the Appellate Division of the Supreme Court of New York. The case involved the construction of the statute governing the responsibility of those holding the taxable property of deceased persons. The suit was brought by the State Comptroller against a safe-deposit company to recover a penalty of \$1,000, with interest, from June 23, 1906, the date of the death of Russell Sage.

The State Comptroller held that the

safe-deposit company had incurred the statutory penalty by allowing free access, without notice to the State Comptroller's office, to a safety deposit box held in the name of Sage and his business agent, Charles W. Osborne, after Mr. Sage's death.

In the opinion of the court, written by Justice Hotelkiss, it was held that the company had no more possession of the securities than "a landlord has over securities contained in a safe belonging to one of his tenants and contained in the private office of the latter."

Heretofore the State Comptroller has

insisted on having the safety deposit boxes of deceased persons sealed until his agents have had an opportunity to inspect their contents with a view of levying the inheritance tax.

Revenues From Safe-Deposit Rentals

BEFORE deciding upon such matters as location, construction and materials, those contemplating putting in vault and safe equipment for public hire have to consider carefully the probable revenue to be had for the outlay. In a large city, in a district not already fully supplied with such facilities, such calculations may be made with a fair approximation to accuracy; but in smaller places, or in localities remote from business centres, the problem becomes more difficult.

Is there a sufficient demand for such service? Will the people make use of it once it is offered them? These are questions which experience alone can answer in many cases, but often the history of other safe-deposit institutions offers a safe guide.

Obviously, a business of this character cannot be built up where the demand for it is not latent in the community. There must be wealth, valuables or papers to be cared for, and in sufficient volume to constitute at least a fair basis for business.

It is a maxim of every well ordered establishment that there should be a place for everything and everything should be in that place. Clearly enough, the place for valuable papers, securities, jewels and plate not in use, is in a safety vault. The force of this statement is subject, of course, to some qualification. For example, in small towns one could hardly expect apprehension about the safety of jewels and plate to be a basis for getting much safe-deposit business. The risk of loss is so trifling that the average person is quite ready to take it—even though unwisely. But in every town of any considerable size, there are plenty of

valuable papers to be cared for. These, if kept in one's store, office or home, may be lost, burned or stolen. While loss from the latter cause may be remote, from the others it is always possible.

The attorney, the trustee, even in small towns, is nearly always the custodian of memoranda and papers too valuable to be subjected to the risks named; and there are few individuals who would not be benefited by availing themselves of safe-deposit service.

When the patronage is once obtained, and made to produce its maximum of revenue, the question of the net profit then arises. Is the income sufficient to justify the outlay in equipment, attendance and other expense?

That the safe-deposit business is profitable where the conditions are favorable can hardly be doubted. The large number of vaults being built and equipped point that way.

Banks and trust companies are, of course, fortunate in having right at hand, in their depositors, a potential source of profitable patronage. It would not be a rash inference to put the average depositor down as a prospective box-renter.

Safe Place for Eggs

IF eggs keep on advancing in price, it may become necessary to provide cold-storage for them in the safe-deposit vaults. It's an ill wind that does not bring grist to somebody's mill.

Holding Up the Banks

A NEW YORK newspaper recently printed a cartoon showing General Huerta holding up a Mexican bank at the point of a revolver.

Let us hope that no Mexican cartoonist will picture Uncle Sam holding up the national banks of the United States at the point of the Glass-Owen bill.

Richmond's Hotel Accommodations



MURPHY'S HOTEL, RICHMOND, VA.

BANKERS are very properly interested in the matter of hotel accommodations at Richmond, Va., on account of the meeting of the American Bankers Association in that city next fall. The illustration presented herewith shows one of that city's fine modern hotels. There are of course others, and it would seem that the bankers

should be well taken care of in the way of hotel accommodations, as they will be in all other respects.

Everybody knows that Richmond is one of the historic cities of the country, but it is more than that—a very beautiful place, important in a business way, and with good hotels, a visit there will well repay bankers and others.

Guaranty of National Bank Notes

TERRE HAUTE, Ind., Nov. 22, 1913.

Editor Bankers Magazine:

SIR: Will you please inform me whether the circulating notes issued by national banks are guaranteed by the United States Government?

Answer: Substantially the notes are guaranteed by the United States. Sections 5227 and Sections 5228 refer to the failure of national banks to redeem their circulating notes, and the two following sections declare:

Section 5229. Immediately upon declaring the bonds of an association forfeited

for non-payment of its notes, the Comptroller shall give notice, in such manner as the Secretary of the Treasury shall, by general rules or otherwise, direct, to the holders of the circulating notes of such association, to present them for payment at the Treasury of the United States; and the same shall be paid as presented in lawful money of the United States; whereupon the Comptroller may, in his discretion, cancel an amount of bonds pledged by such association equal at current market rates, not exceeding par, to the notes paid.

Section 5230. Whenever the Comptroller has become satisfied, by the protest or the waiver and admission specified in section fifty-two hundred and twenty-six, or by the report provided for in section fifty-two hundred and twenty-seven, that any association has refused to pay its circulating

notes, he may, instead of cancelling its bonds, cause so much of them as may be necessary to redeem its outstanding notes to be sold at public auction in the city of New York, after giving thirty days' notice of such sale to the association. For any deficiency in the proceeds of all the bonds of an association, when thus sold, to reimburse to the United States the amount expended in paying the circulating notes of the association, the United States shall have a paramount lien upon all its assets; and such deficiency shall be made good out of such assets in preference to any and all other claims whatsoever, except the necessary costs and expenses of administering the same.

Section 5231. The Comptroller may, if he deems it for the interest of the United States, sell at private sale any of the bonds of an association shown to have made default in paying its notes, and receive therefor either money or the circulating notes of the association. But no such bonds shall be sold by private sale for less than par, nor for less than the market value thereof at the time of the sale; and no sales of any such bonds, either public or private, shall be complete until the transfer of the bonds shall have been made with the formalities prescribed by sections fifty-one hundred and sixty-two, fifty-one hundred and sixty-three, and fifty-one hundred and sixty-four.

The Cost of Safe Banks

BANKERS seem pretty generally to have discarded the deposit-insurance plan, but that it has some vitality may be inferred from the following in a recent number of "Collier's Weekly":

"In the fifty years of national banking over 500 banks have failed. The most disastrous of all came during the present year, in Pittsburgh, and involved the tying up of \$40,000,000 of deposits. Yet the final loss to depositors in all these 500 and more failures—many of them very bad failures—was less than eighteen per cent. of the total of the deposits involved. In cash the amount was not over \$30,000,000. At any time in these fifty years a deposit fund of \$50,000,000 would have been more than ample to pay immediately every depositor in the failing banks; and actually half of this would have been sufficient, because if depositors know that their money is safe and accessible many would leave it alone. In these same fifty years the Government has collected in taxes from these same national banks over \$200,000,000. Over \$120,000,000 of this was from the tax on national bank notes. The total expenses of this department in this same period are computed by the Comptroller at a little over \$15,000,000. Over \$185,000,000

was profit. If the new currency bill would create a deposit-insurance fund from these profits of \$50,000,000 and add thereto annually the profits from the bank-note tax, the fear of bank failures and the untold suffering they cause would be banished from the United States. They would be banished because, in competition with a Government guarantee of deposits, the 18,000 State and private banks would be forced to create a guarantee fund, or else become national banks. The only people left to worry would be the shareholders of the banks, and we believe that they would then give much more attention to the proper conduct of their properties. In the face of the ease with which deposits could be made absolutely safe, and the enormous gain which would accrue therefrom, and in the face, further, of the present banking strain which, if unrelieved, may cause many bank failures in the United States within the next three years, it seems incredible that the authors of the Owen-Glass measure would fail to realize such a magnificent opportunity. We do not hesitate to express our belief that the gain from thus solidifying the whole national banking power of the United States would far outweigh all the other benefits, real or prospective, which might result from this measure."

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

New Home of the First National Bank of Richmond, Va.



SECTIONAL VIEW OF FACADE
FIRST NATIONAL BANK, RICHMOND, VA.

WHEN the First National Bank of Richmond decided that a new home had become a necessity the subject was approached in a most systematic way, with the result that the completed building has fully justified the expectations.

Fortunately, circumstances permitted the adoption of a plan for constructing an appropriate home for the bank and providing headquarters for the Chesapeake & Ohio Railroad and the Richmond, Fredericksburg & Potomac Railroad, both located in Richmond. A joint building committee passed on all details, and their labors have resulted in a building admirably adapted to the requirements of each corporation.

As representing the First National Bank, the most interested party to the undertaking, Mr. John M. Miller, Jr., vice-president of the bank, took the lead in getting the three corporations harmoniously together

and arranged the preliminaries of the building himself with Mr. Alfred C. Bossom, architect, of New York, the well-known bank and office building specialist, who was connected with the proposition from its inception until the final completion in every detail. Each available desirable location was thoroughly analyzed and by elimination the final site was selected. On two sides are important thoroughfares and at the rear a wide alley, and to obtain permanent light and air for the new building, control of the adjoining property was arranged and also of that across the alley.

After the building committee had determined that nineteen high office floors in addition to the bank and the two basements would provide the accommodations required, the architects were instructed to proceed. The first problem after the utilitarian points had been determined, was to obtain a dignified



FIRST NATIONAL BANK, RICHMOND, VA.

distinctiveness in the new structure, for being the tallest building in the city—and for that matter the tallest in Virginia or any of the adjoining States—it would always form a conspicuous object in the landscape.

With a lot 78x102 feet, the building would

appear square from a distance, and for this reason it was finished on all sides and crowned with a very monumental Italian projecting copper cornice—a novel treatment for a building of the type that has become distinctive under the name of a

"tower building." Now that the building is completed, this innovation has been declared most successful. Not only in Richmond, but throughout the neighboring States great publicity attended the work of construction giving to the bank a large amount of the most desirable kind of advertising.

NOVEL FEATURES OF THE BUILDING.

As a whole, the structure has many novel features; for instance, there is a second

especially protected against the damaging influences which are the usual causes of annoyance in the maintenance of a tall building.

Externally the building has four stories of limestone, a granite base with bronze and iron trimmings, a hydraulic pressed brick shaft, and it is crowned with a terra cotta arcade, and the boldly projecting copper cornice.

Internally, fireproof construction was adhered to, steel with burnt terra cotta and



THE LOBBY LOOKING TOWARD REAR
FIRST NATIONAL BANK, RICHMOND, VA.

complete fireproof building inside the outer walls, and in which there is not an atom of combustible material. This inner building contains six of the latest type, 600 feet per minute, Otis elevators, two staircases, and toilet accommodations, and an attendant corridor. Should a conflagration, by any accident, start in one of the offices, all that the inmates need do would be to walk out to the corridor into perfect safety. This absolute protection to the vitals of the building, the elevators and stairs, is unique.

Great elasticity for future requirements and changes in the use of various parts of the building have been carefully provided for, particularly as to the lighting, heating, and the mechanical equipment throughout.

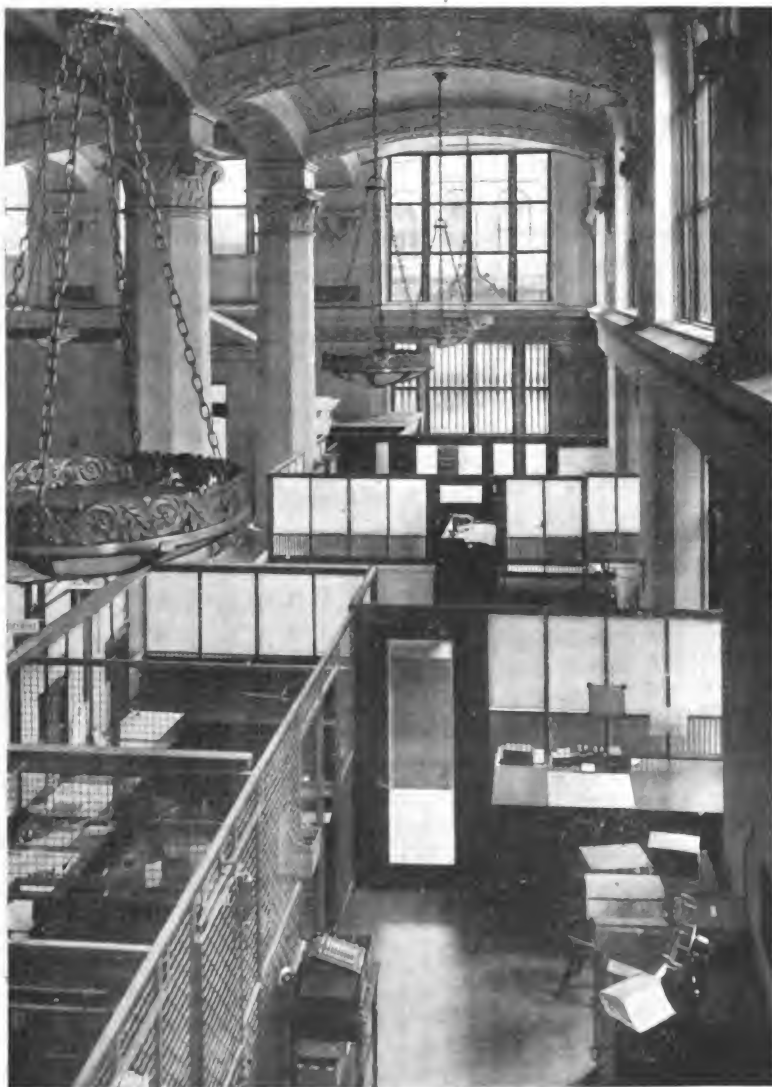
All pipes and electric conduits have been

concrete constituted the skeleton for the floors, burnt terra cotta and hard plaster for the partitions, with metal doors and windows, etc., filled with wired glass, occupying all advantageous positions, and the offices throughout were trimmed with mahogany.

All public halls have terrazzo and marble floors, with a suitable marble base, together with provision for the carrying of electric conduits and telephone wires to any possible point.

THE BANKING ROOMS.

The bank occupies the entire first floor (exclusive of the entrance elevator corridor), the first basement, the large mezzanine floor, and half of the second floor. Two of the



GENERAL VIEW OF OFFICERS' QUARTERS
FIRST NATIONAL BANK, RICHMOND, VA.

largest-sized revolving doors occupy the two entrances to the banking space, providing access from the street to the main banking lobby, and an imposing double bronze door permits entrance from the elevator lobby.

Both entrance doors are very handsomely curved, with limestone on the outside, and marble on the inside, and are faced at the opposite end of the bank lobby by another handsome marble doorway, surmounted by a clock, electrically controlled.

The main banking lobby, which is twenty feet wide, extends directly before you, immediately as you enter, and to the

left are private rooms for the president, vice-president, and the general officers' quarters. A large savings department occupies the corresponding space on the right. From this on, extending all around the lobby, are the various cages, including seven receiving teller wickets, with the accompanying paying tellers, individual bookkeepers, loans, notes, collaterals, etc., and the assistant cashiers, whose duties affect the public, are provided with spaces along the counter.

All the general bookkeepers and mailing departments are located on the mezzanine and second floors, and they are connected

with the main floor by a small double elevator and a private staircase.

The banking room proper is twenty-five feet clear in height, with a vaulted ceiling. Windows fourteen feet wide extend from about three feet six inches above the floor to the ceiling, providing an abundance of light, and are draped with soft repp curtains, sufficient to stop the glare of the sun, but at the same time to allow ample light for general purposes.

Ventilation, both natural and artificial,

represent Caen stone, relieved by subdued stencil bands in varying shades of brown, with ceiling similarly treated.

The floor of the public lobby is of large blocks of Tennessee marble, and the columns supporting the ceiling are of marble to their full height, and so situated along the counter line that they do not impede either the public lobby or the working space.

This interior work was executed by Geo. W. Cobb of New York, from the architect's designs, and is exceedingly dignified.



TRANSIT DEPARTMENT
FIRST NATIONAL BANK, RICHMOND, VA.

has been provided for, so that either or both can be employed, as the occasion demands, and the front of the mezzanine floor has been cut off with a glass screen, to overcome the ventilation troubles that always occur where this is left open.

Complete toilet accommodations, including a rest room for the stenographers and a special room for the officers, are provided on the main banking floor, and all other floors have equally thorough provision in this way.

A soft mono-chrome color scheme has been employed, based on light creams, yellows and browns, produced by a banking screen of Botticino marble, surmounted by a severe grille finished in statuary bronze, and the walls up to the ceiling are treated to

Handsome semi-indirect electric lighting fixtures form an important element in the scheme of decoration, and throughout the ornamental features consist of necessities artistically, though practically, treated.

EQUIPMENT SPECIALLY ADAPTED TO ITS USES.

In laying out the furniture and counter work one of the architect's representatives spent several days talking with each employee of the bank who was individually affected and any of the advantageous ideas suggested were incorporated in the plan, but all eccentricities were avoided, for the design throughout is of the most approved type and embraces every labor-saving device. When the drawings were completed they

were submitted to each of the individuals again who had to examine and pass upon the portion with which he was connected.

Each officer had a special desk made to his individual requirements and all the busses and trucks were designed for their individual purpose. The two massive glass check desks standing in the centre of the public lobby have glass tops one and one-quarter inches thick, and are the largest individual pieces of glass of this thickness and kind ever used in America, and special machinery had to be prepared to handle them.

In the paying and receiving tellers' cages, or where valuable materials and documents are handled and more than one man is employed, a folding screen was devised, so that each man can shut his cage and be entirely responsible for his own affairs.

THE VAULTS AND SAFE DEPOSIT DEPARTMENT.

The stronghold of the bank, its vaults and safe deposit department, are situated in the basement. This is approached through a handsome bronze and marble staircase starting from the centre of the public lobby above. Should it be desirable at any time in the future to organize the safe deposit department into a separate corporation it can be accomplished without the slightest structural change.

A private hydraulic elevator connects the two floors for the transportation of books

and money from the banking floor to the basement and lands directly in front of the vault door at the lower level and immediately behind the tellers' cages above.

The inclination of the side street gives the basement full-length windows and consequent daylight and natural ventilation. Advantage of this was taken to place the directors' room on the level below the banking floor. This is a handsomely finished room, panelled with walnut up to the ceiling, and the mantel is formed out of a beautiful piece of green figured marble. Portraits of the past presidents are hung around the walls. Connected with this room is a completely fitted toilet room, including shower baths, etc., for the use of the officers or directors.

The two approaches to the vault, the one down stairs from the banking room and the other from the main elevator lobby—for all of the six elevators come down to this floor—are protected by massive steel grilles, and the two huge circular vault doors of the vault itself can be seen through these. The vault is entirely free and is open for inspection on all sides, and has a space below it which is accessible either day or night. The bank floor above forms the top of it. It is carried quite independent of everything else in the building and stands on special supports provided for that purpose, and should the entire building collapse this would remain intact. A special employee



OFFICE OF VICE-PRESIDENT
FIRST NATIONAL BANK, RICHMOND, VA.



SAVINGS DEPARTMENT
FIRST NATIONAL BANK, RICHMOND, VA.

has his desk against the gate in the protecting grille and no one can enter or leave this department without passing him.

This self-contained department includes the bank's vault and the safe-deposit vault adjoining, special storage space for silver and other valuables, a book vault, safe-deposit booths, three committee rooms for the use of customers, special retiring room for both males and females, with suitable toilet accommodations, and a large uninterrupted day-lit working space which can be used for bookkeepers or as a general meeting room as occasion may demand.

The vaults for the bank and safe-deposit department adjoin, with steel partition between them, and have an internal dimension of twenty-four feet by sixteen feet and eight feet high, and weigh 225 tons of steel alone. Each section has a tremendous circular door measuring eight feet across and twenty-one inches from front to back, and each weighs twenty-eight tons, including its vestibules. Each has a four-movement time lock, three and one-half-inch bolt work and all the latest devices for protection and security, the hinges to each door alone weighing three tons.

This repository for moneys and securities has been treated in such a way as to make it unquestionably the best possible protection, not only against fire and burglars, but also mob violence, reaching the acme of per-

fection in every particular. It is no doubt the most important feature of the bank's new home and is a magnificent piece of workmanship. In the partition between the bank and the safe-deposit sections is a steel door that can be unlocked from either side, but on the safe-deposit side it is protected by a nest of boxes, which are constructed on rollers and can be drawn aside. With this protected connecting door and the two large circular entrance doors, it is impossible to get a lock out, and avoids the disadvantage of having a small emergency door, which so often is a point of weakness in a vault of this type.

The vault walls themselves are made of many layers; first one of polished steel one-half inch thick, which forms the inner lining. Behind this is a two and one-half inch layer of laminated, undrillable, burglar-proof steel, of alternate layers of chrome bessemer. Backing this is fifteen inches of stone concrete, in which is bedded a continuous cage of steel bars, connected with laterals, which are continuous all around, and on the top and bottom of the vault. Beyond this again, and forming the outer surface, is a one-half inch plate of burnished steel. The two exposed layers were specially nickel plated to prevent rusting, and from every point of view the vault gives the impression of being solid steel throughout.

For flooring an exceedingly hard tile was

selected and a marble sanitary cove base extends all around the bases of the interior, so that the floor can be washed without rusting the steel.

Provision is made for five thousand safe deposit boxes of various sizes. These have not yet all been installed, but the lighting fixtures in the ceiling, the existing stacks of boxes and the interior cladding, have all been treated, so that additions can be made without any change.

prevents any customer declaring that anything had accidentally been left and lost.

The three committee rooms, as well as the booths, will prove exceedingly useful, as they also are in immediate proximity to the vault and inside the protection of the steel grilles mentioned before; for large committees the directors' room of the bank was located immediately adjoining the entrance, so that ready access to this would also exist, and effort is made on the part of the bank to



BOARD ROOM
FIRST NATIONAL BANK, RICHMOND, VA.

A handsome carpet, with mahogany table and chairs, in the centre of the vault, gives a most dignified appearance to the interior.

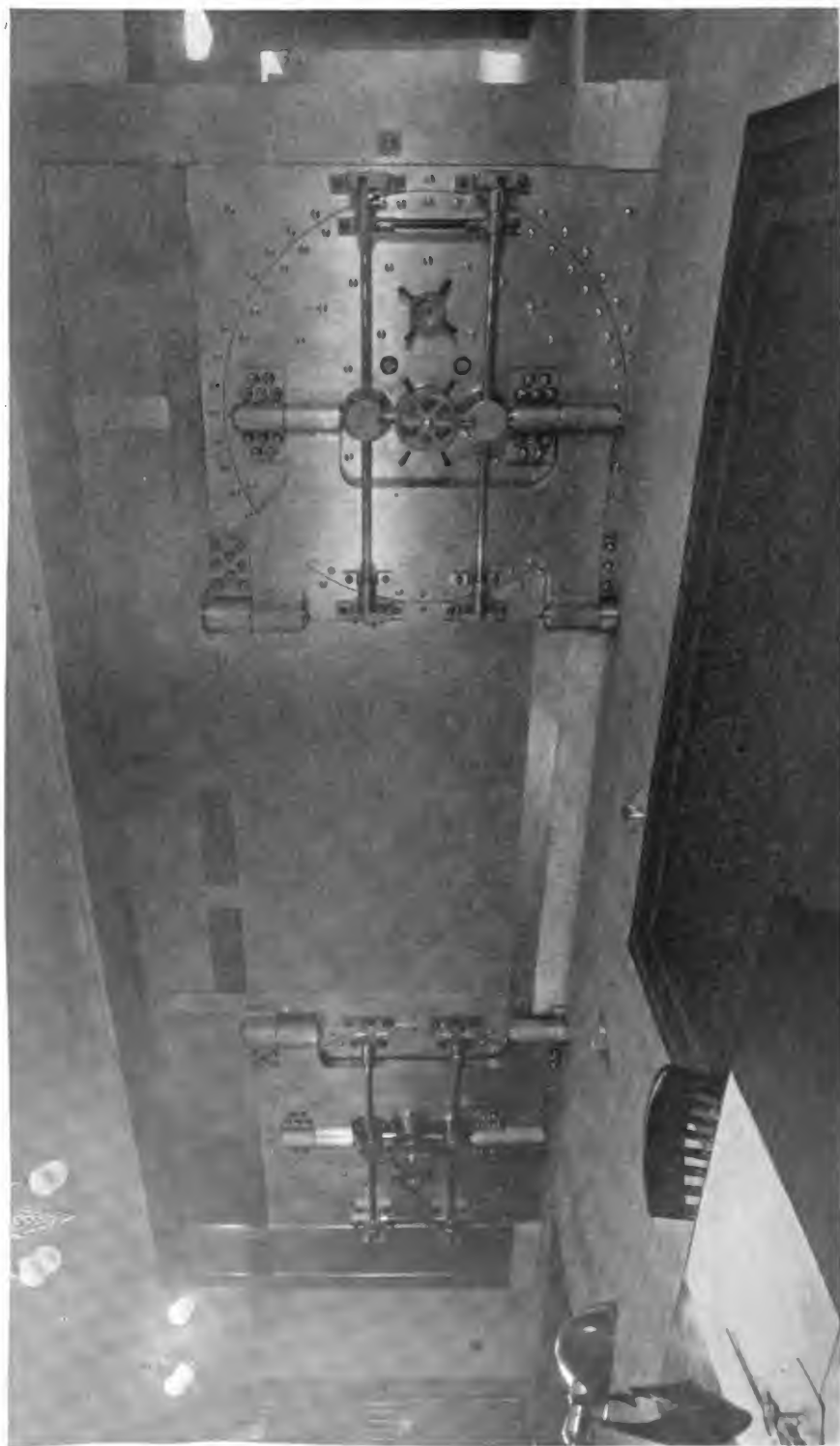
Every convenience, both for comfort and security, for the uses of this department, has been considered. The booths, which have both daylight and electric light, are perfectly ventilated, and are enameled in white throughout, so that the slightest article either left behind or dropped upon the floor would be instantly seen.

Further, it is impossible to enter without the custodian's key, and immediately the booth is vacated it automatically locks itself, and should any paper accidentally be left behind, it is certain to be found by the custodian when he opens the door, before any one else can again occupy this booth, which

encourage its customers to meet in the rooms provided for that purpose.

In the bank's own section of the vault a further division is made by means of a second steel grille, with a day gate and bell, in addition to the one that stands behind the vault door itself. The inner section of this is given up to money-chests and lock-ups, all burglar proof in themselves, and in the outer section a space is left for the fire-proof collateral bus, which is taken from the vault every morning and placed within an especially made desk fitted with a locking roller shutter standing behind the assistant cashier, who has charge of this section of the bank's business.

The entrance to the silver vault and the book vault is through the one heavy square



VAULTS
FIRST NATIONAL BANK, RICHMOND, VA.

burglar-proof vault door, which leads into the steel grille vestibule, with a storage vault on one side and the book vault on the other, thus saving the expense of two very costly doors. This vault also has a steel lining and concrete, with protection bars.

AN EVIDENCE OF SOUND PROGRESS.

Throughout the entire undertaking the bank has made every effort to provide the most commodious and convenient accommodation for its customers, officers and employees, and to obtain absolute security for the repository of all moneys and securities with which the bank deals.

The completion of this splendid modern building has already produced a marked effect upon the prosperity of the bank. The great structure, so complete in all its details of construction and equipment, is a striking witness to the sound progress of the bank.

A WORD ABOUT THE BANK ITSELF.

The First National Bank of Richmond, Va., is the oldest banking institution in that growing and progressive city. It was organized in 1865, just after the evacuation of the capital of the Confederacy, and its progress since organization has been steady and healthy, until now it is an institution of which the people of the community are justly proud.

The articles of agreement and organization certificate were signed April 17, 1865, by seventeen men, all well known at that time in social and business Richmond.

Taking root in the ashes of the evacuation fires and organized while the ruins of the business section of the city were still smoldering, it has constantly and persistently grown from its birth. Like other organizations of similar character it has had its ups and downs, but it has always constantly withstood the assaults of time, depression, business inactivity and financial panics—a tower of strength in the community.

Its first home was a single room in what was then known as the old Custom House. This arrangement, however, was only temporary, and in a few months it moved to a modest building on one of the principal streets. In 1867 the First National Bank consolidated with the National Exchange Bank and moved to the offices of the latter, located at 1104 East Main street. This building was burned during the evacuation of Richmond and completely destroyed except its front walls, which were supported by immense granite monoliths. These quarters were reconstructed and occupied from 1867 until September 1, 1912. At this latter date the consolidation of the First National Bank and the National Bank of Virginia took place, forming what was, at that time, the largest bank between Philadelphia and New Orleans. At the time of

this consolidation the bank moved its quarters into that of the National Bank of Virginia temporarily until the completion of its new building at Ninth and Main streets. These new quarters were occupied on June 10, 1913.

The original capital of the First National Bank was only \$100,000, but this amount has been increased as the needs of the community required. At the time of the consolidation with the National Bank of Virginia the capital stock was fixed at \$2,000,000 and the surplus fund at \$1,000,000.

The First National Bank is strictly a commercial institution and uses its funds to foster worthy enterprises throughout the entire South. It has been capably and well managed during its entire career, as proven by its healthy and steady growth. The directorate consists of representative business men of Richmond—men who have made a success in their private enterprises and have always stood well in the community, both socially and financially. They represent practically all lines of trade.

Herewith is a condensed statement of the condition of the bank at the call of the Comptroller of the Currency, October 21, 1913:

Statement of Condition First National Bank, Richmond, Va., at the Close of Business, October 21, 1913.

ASSETS.

Promptly Available:	
Cash in vault and checks for clearing	\$1,039,013.22
Due from correspondents and demand loans	4,625,703.15
Bonds and investments	955,270.20
Overdrafts	922.90
	<u>\$6,620,909.47</u>

Available from 30 to 60 Days:

United States bonds	1,969,500.00
Loans due in 30 days	3,321,601.47
Loans due in 60 days	2,920,543.46
	<u>\$8,211,644.93</u>

Other Loans and Discounts:

Due within 4 mos.	\$3,550,469.94
Due after 4 months	1,110,423.95
	<u>4,660,893.89</u>

Total \$19,493,448.29

LIABILITIES.

Capital	\$2,000,000.00
Surplus and profits	1,186,125.42
Unearned discount	93,506.36
Accrued interest and taxes	52,083.11
Circulation	1,839,302.50

Deposits—	
Individual	\$8,432,031.41
Banks	4,554,448.14
United States	99,131.68
	<u>13,085,611.23</u>

Deposits of liquidating trustees	159,419.67
Bond account	1,077,400.00

Total \$19,493,448.29

Officers of the bank are: W. M. Habliston, chairman of the board; John B. Purcell,



ENTRANCE TO SAFE DEPOSIT VAULT
FIRST NATIONAL BANK, RICHMOND, VA.

president; John M. Miller, Jr., vice-president; W. M. Addison, cashier; Charles R. Burnett, W. P. Shelton, Alex. F. Ryland,

J. C. Joplin, O. S. Morton and John Tyler, assistant cashiers; James M. Ball, Jr., auditor.

Local Banks Needed

UNIFORM banks would doubtless be all right were conditions uniform throughout the country; but as they are not, local banks are essential to meet varying local needs. This was the view expressed by Hon. Samuel W. McCall, addressing the Trust Company Section of the American Bankers Association at Boston. He said:

"From my point of view I think it would be a great mistake for the National Government to undertake to regulate trust companies. I do not mean that it is undesirable to have uniformity of laws in the different States relating to trust companies, so long as the conditions in those States are similar. But I think we should have national banks, with national charters,

with the powers conferred under those charters subject to regulation by the National Government, and that we should have in each State, and reserved to each State, the right to incorporate banking institutions, having reference to its own legal conditions, which fulfill the functions of banks. Why, a bank in Mississippi might have very different requirements from a bank in Massachusetts; its business might be conducted, perhaps, with reference to some particular crop, and you can easily understand how when you have national banks operating throughout the whole country for national purposes, it might be well to have State banks operated purely for local purposes."

American Trust and Savings Bank, Birmingham, Ala.



FOR a bank but little more than ten years old this institution has certainly achieved a degree of success to which the term remarkable may justly be applied. This success is well typified by the magnificent modern building of which the bank took possession about one year ago, and which is illustrated and briefly described in these pages.

DESCRIPTION OF THE BANK.

The new banking rooms of the American Trust and Savings Bank occupy the entire basement, and first and second floors.

This portion of the building was specially featured by the architect, William Leslie Welton, to emphasize the part of the building which houses the banking rooms. Both street facades are enriched with pure white

South Dover marble, similar to that used in the Tiffany Building, New York City, and acknowledged to be the finest grade of white marble in the United States.

The Corinthian inter-columnation of the lower stories of the American Trust and Savings Bank Building, by the great height of its columns, lends distinction and dignity to the building, giving the vertical shaft of twenty stories (with basement and two stories of elevator house in roof, twenty-three stories) a solid substantial base.

The fenestration of the windows and spaces between the columns and piers are filled with solid metal window frames, fascias and window guards finished in dark bronze green. All exterior glass is polished plate. The entire sidewalk is filled with prism vault light glass set in steel and con-



OFFICERS AMERICAN TRUST AND SAVINGS BANK, BIRMINGHAM, ALA.

G. B. M'CORMACK, CHAIRMAN OF THE BOARD

W. W. CRAWFORD, PRESIDENT H. L. BADHAM, VICE-PRESIDENT C. M. WILLIAMSON, CASHIER

E. B. CRAWFORD, ASSISTANT CASHIER FRANK STEVENS, ASSISTANT CASHIER

W. C. HAMILTON, ASSISTANT CASHIER



AMERICAN TRUST AND SAVINGS BANK, BIRMINGHAM, ALA.

crete construction, pierced here and there with bronze ventilators and sidewalk area grilles for basement ventilation.

THE DIGNIFIED ENTRANCE.

The main entrance to the bank is the rounded corner at First avenue and Twen-

tieth street, and is without doubt the most elegant and dignified bank entrance in the South. The classic marble entrance is surmounted by a bronze synchronized clock with marble dial and marble outer frame, electrically illuminated.

Bronze skeleton letters of a special de-



INTERIOR OF BANKING ROOM
AMERICAN TRUST AND SAVINGS BANK,
BIRMINGHAM, ALA.

sign, a departure in sign work, occupy the frieze over the door. The marble door opening is filled with a solid bronze grille frame, resembling in design the famous bronze frame in the main entrance to the Pantheon at Rome, with a particularly handsome solid bronze lattice grille transom above, and bronze non-slipping safety saddle below. Sliding into pockets on each side of the bronze frame are two bronze grille day gates which are closed after banking hours.

The vestibule is particularly designed for security and to meet the windy conditions of Birmingham's skyscraper corners. The vestibule walls are lined to ceiling with Botticino marble and the floor is of Mosaic pattern in large slabs of Tennessee marble. The ceiling is enriched in plastic relief cornice ornamentation, high lighted with gold leaf. Opening into the circular vestibule is a revolving door of large proportions, specially fitted with curved wings which can be folded back in summertime to receive screen doors.

IN THE MAIN BANKING ROOM.

Passing through the circular vestibule and revolving door, you enter at once the main banking room. You are impressed with



the amplitude, simplicity and dignity of the arrangement as a whole. It is free from the highly colored marbles, gew-gaw grille work and cheap decorations, so common to banking rooms of several years ago. Here is marble wainscoting, with pilasters around the cages in the beautiful warm grey Italian, Botticino marble, especially selected for its quiet, unobtrusive color, expensive, though not conspicuous.

The wall treatment is imported French Caen stone with white jointings, and covers all wall and ceiling surfaces to the full,

dignified height of this superb room of twenty-seven feet.

The cages are particularly noticeable for their simplicity. There is no metal work whatever on the side toward the public. What metal work there is, is solid bronze work of simple pattern, especially designed, telescoping to permit removal for cleaning the stippled glass in front of cages. The arrangements of these cages is especially fitted for the particular work therein carried on.

The arrangement of the main floor of the banking room is simplicity itself. The public space, floored with large slabs of gray Tennessee marble is "T" shaped, fifteen feet wide, the vertical stem of the "T" running east and west, and the top cross-arms of the "T" extending north and south. Every part of the bank doing business with the public opens on this "T" shaped public space. At the immediate left, as you enter the main banking room, is a Botticino marble balustrade and stair six feet wide, conducting directly down to the safe-deposit vault in the basement.

THE PRESIDENT'S ROOM AND VARIOUS DEPARTMENTS.

Next in order on the left is the president's room, surrounded by a marble and glass partition, and trimmed inside with San

Demingo mahogany and oak parquetry floor. Also to the left is the ample office space, separated from the public by bronze grille gates, and wide counter of Botticino marble. The floor is of imperial cork tile, and is raised one step above the floor of the public lobby. Space is here provided for several desks, each with direct access to the public.

Next you reach the collection and exchange department. Then the pass book window, and the battery of seven receiving and paying tellers' cages conveniently arranged with direct access to vaults. Returning on the right-hand side of the public space is the assistant cashier's alcove, with open counter to public space; solid bronze grille gate and mahogany panelling.

The loan and discount department and ladies' department are next. The marble floor extends into the ladies' department, which has mahogany panelling, with tellers' window, especially for ladies; polished plate mirrors, with hand-carved mahogany frames, mahogany writing tables and chairs, and silver electric wall brackets complete the furnishings.

The savings department occupies the entire front on Twentieth street and is well fitted up for the particular business of the department.

The glass is a notable feature of the



INTERIOR OF LOBBY SHOWING OFFICERS' QUARTERS
AMERICAN TRUST AND SAVINGS BANK, BIRMINGHAM, ALA.

banking room. The walls of the banking room are lined with numerous check desks, all of heavy polished glass plates, with ink wells, pen racks, etc. Solid bronze brackets support the counter plates. The desk plates at the tellers' counter are heavy Novus white glass sunk in Botticino marble. The glass in front of tellers' cages is polished plate with lower half stippled and borders of etched design.

A secondary, or after-banking-hours' entrance, connects by double doors the pub-

lobby through an ante-room, assuring absolute privacy. The suite occupies the entire front of the building on Twentieth street. The directors' room is eighteen by thirty feet, with a ceiling height of eleven feet; the floor is of French parquetry, laid with a center field of herring-bone oak and a rich border of black and gold marble imported from Italy. The walls have a base of polished black and gold marble and a San Domingo mahogany wainscot eight feet high, treated in a flat polish finish, similar



TRUST DEPARTMENT

AMERICAN TRUST AND SAVINGS BANK, BIRMINGHAM, ALA.

lic space with the main elevator lobby of office building.

A prominent feature of the main banking room are the electric ceiling chandeliers of solid bronze, arranged each in two circuits for direct and indirect lighting. The various disc chandeliers, below the mezzanine or second floor, and the wall brackets are all of special design of solid bronze.

On the mezzanine or second floor are the suite of directors' rooms and the accounting department. This floor, which is reached by two bronze stairs, one at each end of the building, contains 1,466 square feet of floor space, with excellent light and ventilation, and is equipped with every convenience.

DIRECTORS' ROOM SUITE.

The directors' room suite is on the second floor and is entered from the elevator

to old mahogany furniture. Above the wainscoting is a frieze stippled in various tints and bearing allegorical paintings representing the steel and iron industry of Birmingham.

Surrounding the room and beams at the ceiling is an ornamental cornice in plastic relief. The furnishing of the room is rich, though simple, elegant and dignified. The directors' table of San Domingo mahogany, sixteen feet long, was made especially, mahogany chairs surrounding the table. Two antique silver chandeliers and special bronze monogrammed hardware, complete the furnishings. Chairs are provided for twenty directors.

The directors' room is arranged en suite with an ante-room and committee room which overlook the main banking room through polished plate glass pivoted win-



SAVINGS DEPARTMENT



DIRECTORS' ROOM
AMERICAN TRUST AND SAVINGS BANK, BIRMINGHAM, ALA.

dows and are finished similar to and in harmony with the directors' room, with parquetry floor, mahogany panelling, stippled and border decorations, antique silver chandeliers and special bronze hardware.

The front basement is reached either by the marble stair above described from the main banking room, first floor, or by another marble stair in main elevator lobby. At the foot of the main marble stair is a safe-deposit lobby enclosed with solid bronze grilles and gates, with a settle for the con-

high, sixteen feet wide and 24½ feet deep. The vault walls, floor and ceiling are two and a half inches thick, of drill-proof steel; on one side of this vault there are 1135 safe deposit boxes, of various sizes, to accommodate customers. These boxes range in price from \$3 to \$50 a year. The other side wall and rear of vault are finished with heavy plate glass mirrors, while the ceiling is panelled with steel finished plates. The vault is equipped with one main and one emergency entrance, each fitted with



Coupon Rooms

AMERICAN TRUST AND SAVINGS BANK, BIRMINGHAM, ALA.

venience of waiting patrons. Through these bronze gates you enter the public space of the safe-deposit vault department. The floor and walls are of Alabama marble, selected for color and veining, and not a screw visible. At each end and at various places in the ceiling are ventilating shafts. Below the sidewalk are six coupon rooms, two of which are specially large, to be used as committee coupon rooms, with table and several chairs. Each coupon room has a shelf of novus glass, marble floor, mahogany panelling and hardware specially designed to prevent interruption of patrons during occupancy.

THE GREAT SAFE DEPOSIT VAULT.

The safe deposit vault located in the front of the basement measures eight feet

round doors, twelve inches in thickness, of armored and drill-proof steel. The main door is locked by twenty-four round bolts, three inches in diameter, which are locked and guarded by two combination locks and one four movement time lock. The main door, with its frame, weighs over thirty tons, or 60,000 pounds. In front of the main entrance to the safe deposit vault is a movable platform. This platform has to be lowered to open the door. It can then be raised back to a level with the lobby floor, which gives a level walk-way from the lobby into the vault. When the main door is closed at night it is raised and locked against the main door, giving additional protection to the vault. The weight of the entire safe deposit vault is 121 tons, or 242,000 pounds, composed entirely of



SAFE DEPOSIT VAULT
AMERICAN TRUST AND SAVINGS BANK, BIRMINGHAM, ALA.

armored and drill-proof steel, making the safe deposit vault fire, burglar and mob proof.

THE OTHER VAULTS.

The cash, collection and discount vaults are lined with two and a half inches of drilled steel, the same as the safe deposit vault. In the cash vault are eleven burglar-proof safes for the further protection and safe-keeping of money. In the lining between these two vaults is placed a round emergency door, to be used for emergency purposes only. This emergency door can be opened from either the cash or the discount vault. All the entrances to these vaults are double guarded with heavy outside doors, either of the doors being a complete protection within itself. Each of the outside doors has two combination locks and one four-movement time lock. The weight of these vaults is forty-six tons, or 92,000 pounds.

On the mezzanine floor is a book vault which is steel lined and protected by a heavy steel door.

In the rear of the basement is a large storage vault for the storage of silverware and other valuables in bulky packages. This vault is heavily lined with steel and protected by a heavy steel door. Inside the storage vault are placed steel shelves which can be adjusted to any sized packages,

boxes or trunks. This vault weighs over six tons, or 12,000 pounds.

The vault equipment is the heaviest of any bank in the South.

No expense has been spared to equip all departments of the bank with the latest and most approved apparatus for the convenient transaction of business and for security. The installation includes Lamson tube system, vacuum cleaning system, call bell, telegraph and telephone systems. No radiator is exposed in any part of the banking room, each one being buried in the wall or floor and enclosed with a bronze grille of handsome design.

In other words, the building, as a whole, including the banking rooms and the eighteen stories of offices above them, represent the most advanced ideas of the day in construction and installation.

THE BANK ITSELF.

Obviously, this fine building merely exemplifies the purposes of the bank itself, which is to make the institution in its equipment and management conform to the banking needs of Birmingham and its territory.

On April 1, 1903, the American Trust and Savings Bank began business on one floor of a store building. With a growth in assets from \$100,000 to about six mil-

lions, there came the need of a better location, and after due consideration it was decided to put up the building described above.

To appreciate the solidity of that growth and the increase of deposits at an average rate of half a million dollars a year, two facts are of interest:

A community founded on the world's most efficient productive region in the basic materials, iron and steel;

A banking service seeking to develop individual and corporate patrons, helping to increase and supplement their capital in due proportion to their increasing responsibility.

When the bank opened in April, 1903, it was under the presidency of George B. McCormack, still actively identified with the bank as chairman of the board of directors.

The office of vice-president was occupied continuously from the beginning by Henry L. Badham.

Deposits on the opening day were \$89,454.32, and during the first nine months they increased to \$451,099.88.

In the first twelve months deposits reached \$547,379.38.

A noteworthy event in the bank's history occurred on January 11, 1905, when the Alabama National Bank was absorbed, and the American Trust and Savings Bank took over its quarters at First avenue and Twentieth street, the present building site and a landmark of Birmingham.

In this merger, W. W. Crawford, long known in the banking life of the city, be-

came president of the young institution which on its second birthday held deposits of \$2,288,130.53.

During the period of general retrenchment of business, due to the panic of 1907, the deposit account remained at each anniversary over two million dollars, but on the eighth stood at \$3,109,651.60.

On May 8, 1911, the business of the Peoples Savings Bank and Trust Company was absorbed by consolidation.

The American Trust and Savings Bank was eight years old when plans were under way for a banking home suited to its business and in correspondence with the city of Birmingham.

After eighteen months of temporary lodgment in its first place of business, the bank completed its twenty-story building at First avenue and Twentieth street.

On December 17, 1912, the opening day, Birmingham citizens to the estimated number of five thousand, headed by the Chamber of Commerce membership, visited the new banking house.

In presenting on that occasion a suitable souvenir to the president, the directors marked the beginning of a new epoch in their connection with the bank and renewed the pledges of continued activity for the interest of its patrons.

The strength of the institution is not represented alone by its splendid building. With a capital of \$500,000, surplus of \$250,000, net earnings of \$131,017, and deposits of about \$5,000,000 it will be seen that the business of the bank is commensurate with its habitation.



The Man Wanted

By WALT MASON

NEVER was there such a clamor for the man who knows his trade! Whether with a pen or hammer, whether with a brush or spade he's equipped, the world demands him, calls upon him for his skill, and on pay day gladly hands him rolls of roubles from its till. Little boots it what his trade is, building bridges, shoeing mules—men will come from Cork and Cadiz to engage him and his tools. All the world is busy hunting for the workman who's supreme, whether he is best at punting or at flavoring ice cream.

Up and down the land are treading men who find this world a frost, toiling on for board and bedding, in an age of hustling lost. "We have never had fair chances, fortune ever used us sore," they complain, as age advances, and the poorhouse lies before. "Handy men are we," they mutter, "masters of a dozen trades, yet we can't earn bread and butter, much less jams and marmalades. When we ask a situation, stern employers cry again: 'Chase yourselves! This weary nation crowded is with handy men! Learn one thing and

learn it fully, learn in something to excel, then you'll find this old world bully—it will please you passing well!" Thus reply the stern employers when for work we sadly plead, saying we are farmers, sawyers, tinkers, tailors gone to seed. So we sing our doleful chorus as adown the world we wind, for the poorhouse lies before us, and the free lunch lies behind."

While this tragedy's unfolding in each corner of the land, men of skill are still beholding chances rise on every hand; men who learned one thing and learned it up and down and to and fro, got reward because they earned it—men who study, men who Know. If you're raising sweet potatoes, see that they're the best on earth; if you're rearing alligators, see that they're of special worth; if you're shoeing dromedaries, shoe the brutes with all your might; if you're peddling trained canaries, let your birds be out of sight. Whatsoever you are doing, do it well and with a will, and you'll find the world pursuing, offering to buy your skill.—Collier's.

A Word for Wall Street

FEW people have the courage these days to speak a good word for "Wall Street." But Frank Vanderlip of New York comes to its support in these words:

Mr. Vanderlip said he desired to make a stand for the eradication of the term "Wall Street" in the opprobrious sense.

"I want to be," he said, "a militant advocate of justice to the important branch of our active business life that is known as 'Wall Street.' I do not believe the intelligence of this country subscribes to the

theory that bankers are untrustworthy men. The practice of the business community is to trust them and to trust them largely. I have no personal apology to make, either for being a banker or for being a Wall Street banker. I decline to accept silently any classification of bankers as discredited citizens. I refuse to be so classified, and I particularly refuse to be cut out from participation in the discussion of public questions or from offering such humble service as I can toward the solution of public problems. I am deeply grateful to the Senate Committee for having given me an opportunity in that direction."

FOREIGN BANKING AND FINANCE

European

ENGLISH BANKS ABROAD

ANOTHER of the important English banks, says the London "Bankers Magazine," has determined to enter upon business in Paris. Although all the details are not settled, it is generally understood that the London County and Westminster Bank have acquired the premises and certain approved accounts of the Banque Franco-Americaine. Under this arrangement the London County and Westminster will acquire business premises in the Place Vendome, Paris, one of the best quarters for business of this type in

Paris. The acquisition has probably been prompted by the success of Lloyds Bank in the same sphere, after it had acquired the business of Armstrong's, and it points to further developments in the same direction. There is little question that business in the French capital offers considerable inducement for an English bank, and, properly conducted, there should be a large amount of ordinary banking operations which would fall to the lot of English banks operating there. At the same time it should be a convenience for a

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BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$363,000.00

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

large number of tourists who visit the gay city, and who would find in the English banks a counterpart of the place filled by the Credit Lyonnais and other French banks in London to visitors from France to this country.

Owing to the state of the law in France it was found more convenient to form a special company, following the example of Lloyds Bank, and, therefore, the London County and Westminster Bank (Paris) was registered with a capital of £400,000 in £20 shares. We believe that only one-half of this capital will be called up, and all the shares will be held privately. The first directors will be Messrs. W. Leaf, W. E. Hubbard, H. Bryce, M. P., C. H. Scott and H. P. S. Migis. We believe quite a small amount of money will be required to purchase the assets taken over from the Banque Franco-Americaine, so that a fair balance will be left for working capital, and if the offshoot is worked in the way which is intended there should be no need for further English money going to operate this institution.

Banco Nacional del Salvador

SAN SALVADOR

Authorized Capital ... \$5,000,000

Subscribed Capital ... 2,000,000

Paid-up Capital 1,600,000

**Head Office—SAN SALVADOR
Republic of Salvador, Central America**

Agencies at all principal towns in the Republic.

Correspondents in the most important cities abroad.

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Dr. Guillermo Mazzini
President Director

G. Hemmeler
Manager

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

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WAR EXPENDITURES

ADVOCATES of an enlarged expenditure on military and naval account will not find much comfort in the following from "The Economist," London:

"The financial crisis, or semi-crisis, seen in the increasing dearth of capital, the increasing rates of interest, whether for short loans or for long loans, and in the desperate anxiety of public authorities, companies and individuals to obtain accommodation on almost any terms, is compelling the attention of serious men all over the world to the causes of our difficulties; and among these causes the enormous sums devoted to war and armaments must undoubtedly be placed at the top of the list.

"It is a curious but indisputable fact that at a time when in this and other countries the immediate burdens of tax-

ation are being thrown more and more on large capital and large incomes, the leading daily newspapers, owned by capitalists and read by men of wealth and fashion, have adopted the view that a huge annual increase in naval expenditure is a sign of national health and progress. Indeed, a very large amount of space is allotted by the daily press to the articles of military and naval experts, who are working in close touch with the armament firms with a view to securing larger and more lucrative orders for battleships, airships, submarines, etc., etc. It is assumed to be the duty of the Government to fall in with every fresh scheme, and to draw every year more and more men and more and more money from the productive forces of the country into this Slough of Despond. Now, it is one of the objects of 'The Economist' to resist these tendencies, even at the

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$860,876.00

Deposits, \$3,602,738.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

risk of incurring unpopularity with those who prosper by the growth of taxes. It is futile to blame the armament firms for seeking to extend their business at the expense of public credit and public taxes by all the means at their disposal. After all, they have to sell to the representatives of the taxpayers. And so, when Brazil, China or Turkey can pay no more, the deficiency must be supplied by fresh calls on John Bull. Until duelling is revived on a large scale the trade in armaments cannot be supported by private purchases. But it seems to us to be the duty of honest and independent journalism to take a rather sour and critical view of the projects put forward by the armament interests, and of the demands made by them upon property and poverty."

Latin-America

AMERICAN BANKS IN SOUTH AMERICA

AT a recent meeting of the New England Shoe and Leather Association at Boston, F. Abbott Goodhue, vice-president of the First National Bank of that city, said in regard to American banks in South America:

"About all American trade is done through commission houses. Financiers

Banco de Guatemala

Established
July 15, 1895

Guatemala C. A.

Directors

ADOLFO STAHL, D. B. HODGSDON
J. R. CAMACHO
C. GALLUSSER, Manager

Authorized Capital \$10,000,000.00
Capital subscribed and paid up 2,500,000.00
Reserve Fund 5,564,262.76
Contingency Fund 1,600,000.00

Foreign Correspondents

New York: Messrs. G. Amsinck & Co.; Messrs. J. & W. Seligman & Co.; The National City Bank of New York. **San Francisco, Cal.:** The Anglo & London Paris National Bank of San Francisco. **New Orleans:** The Whitney-Central National Bank. **Mexico:** Banco Nacional de Mexico. **Paris:** Messrs. de Neufville & Cie. **London:** Deutsche Bank (Berlin), London Agency; Messrs. A. Ruffer & Sons. **Hamburg:** Deutsche Bank Filiale Hamburg; Messrs. L. Behrens & Sohne; Messrs. Schroeder, Gebruder & Co.; Mr. Carlo Z. Thomsen. **Madrid:** Messrs. Garcia-Calamarte & Cia. **Barcelona:** Messrs. Garcia-Calamarte & Cia.; Banco Hispano Americano. **Milano:** Credito Italiano.

Agencies in Guatemala

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Jutiapa	Puerto Barrios	Salama
Pochuta	Zacapa	Escuintla
Coatepeque	Coban	Ocosingo
	Retalhuleu	

General Banking Business, Special Attention Paid to Collections from Abroad and Letters of Credit.

ought to invest money there. Americans should then operate the industries started with the money and American banks should handle such enterprises. An American bank would have to have a large capital. Practically no checks

THERE ARE THREE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

M. Garcia Fravel, Manager.

—CORRESPONDENCE IS INVITED—

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A. MEXICO, D. F.

President—F. PIMENTEL Y FAGOAGA

1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARRON ARIAN

Banco Comercial de Costa Rica

San Jose, Costa Rica, Central America

(Founded 1st June, 1905)

Capital, \$1,750,000.00

Reserves, \$546,238.41

Managing Director, THOMAS SCOTT

Collections for Foreign Houses promptly attended to. Deposits are received in American Money repayable at maturity by sight draft on New York, New Orleans or San Francisco. The rates of interest at present allowed are:

On deposit for 6 months : : : : 6 per cent. per annum
On deposit for 12 months : : : : 7 per cent. per annum

DEPOSITS

31st of March, 1910	:	:	:	\$1,270,087.74	31st of March, 1912	:	:	:	\$3,397,658.26
31st of March, 1911	:	:	:	1,690,705.28	31st of December, 1912	:	:	:	4,414,218.57

are used in Brazil and there is no clearing-house.

"In Argentina checks are liberally used and there is a clearing-house. There is unhealthy speculation there, the country is on the verge of a financial crisis and failures are numerous. Every one there is borrowing money and every nation has a bank there excepting the United States.

"The Monroe Doctrine is a great disadvantage to the United States, as the English and Germans are constantly stirring up feeling against this country on account of it.

"If the American bank was there it would give reliable information to its fellow countrymen who are exporting, and in this way credit could be extended, the only way in which business can possibly be secured in this country.

"The ideal conditions would be to have some American bank organized in

which the stockholders were composed of a combination of bankers, financiers, exporters and importers."

INCREASE OF CAPITAL

ANNOUNCEMENT was made in London recently of an increase of capital of the Commercial Bank of Spanish America, Ltd., by the issue of 120,000 £1 shares at par.

Asiatic

THE one-yen (\$0.498) gold notes issued by the Dairen branch of the Yokohama Specie Bank for use in the Kwantung Leased Territory and the South Manchuria Railway area were placed in circulation October 1.

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.

H. C. HEAD, Cashier

SHUR WELCH, Assistant Cashier.

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These notes are convertible on demand into gold specie or gold notes of the Bank of Japan if presented at the Dairen branch. Notes of the three-yen and five-yen denomination will also be placed in circulation shortly. The

issuance of these notes has the sanction of the Japanese Government, the circulation being limited for the present to five years. The total issue is limited to 3,000,000 yen, but it is expected that this amount will have to be increased in order to meet the demand of interior markets in Manchuria.

West Africa

CONSUL W. J. YERBY, of Sierra Leone, writes that the Bank of British West Africa is increasing its paid-up capital from \$1,421,018 to \$2,241,818.

Why Business Halts

SPEAKING at the semi-annual meeting of the American Iron and Steel Institute at Chicago on October 24, Judge Elbert H. Gary, chairman of the board of directors of the United States Steel Corporation, deplored certain tendencies in the attitude of the public toward business enterprise. He said:

"Capital, always timid, has been seriously affected by this unreasonable and uncalled-for agitation and attack. It is becoming almost impossible to obtain on fair terms, on good security, and at a reasonable rate of interest the necessary capital to equip or liberally maintain going and successful properties, to say nothing of the additions and extensions which the interests of this great and growing country demand.

"The stability of business, which is essential to its proper and reasonable growth and success, has been interfered

with. Our great and growing population can use our products; it needs food and clothes and material to build, and it is willing and anxious to buy them. It is in need of railroads and ships with the best equipment to carry these products from one point to another, and it is willing to pay fair rates for the service. Laborers are willing to work at a reasonable wage and employers are anxious to furnish work and pay liberal compensation. The carrying companies are desirous of providing necessary facilities for adequate transportation. Producers in all departments of industry wish to satisfy the demands for their products at fair prices and to that end they would make the necessary increases in capacity. And those who are able are quite ready to furnish the necessary capital provided they can be certain of protection against loss or risk."

Couldn't Swallow It

AT a banquet recently there was placed at each plate a copy of the admirable "Digest of the Federal Reserve Act," prepared by the Guaranty Trust Company of New York. Picking one of these up and scrutinizing the

title critically, James B. Forgan, president of the First National Bank of Chicago, said:

"I can't even swallow the Federal Reserve Act, let alone digest it."

BANKING AND FINANCIAL NOTES



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$200,000

Surplus and Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

charge of the credit department, and his election as a director gives proper recognition of long and efficient service.



DAVID NEVIUS

VICE-PRESIDENT AND CASHIER UNION EXCHANGE
NATIONAL BANK, NEW YORK CITY

EASTERN STATES

New York City

—The Hanover National Bank has obtained a judgment from the New York Court of Appeals affirming a decision of the lower courts in its favor in a suit brought by a New York cotton merchant who sought to hold the bank responsible for the genuineness of certain bills of lading.

—Newton D. Alling, vice-president of the National Nassau Bank, was recently elected a director of that institution. Mr. Alling was formerly chairman of New York Chapter of the American Institute of Banking and later chairman of the Associated Chapters of the whole country. He has written and spoken frequently on banking and currency topics, and his views have shown that he is a careful student of those subjects. As vice-president of the bank, he has had

—David Nevius, whose portrait is presented above, is a native of Bushnell, Ill. His first identification with banking in New York was with that well-known training school for bankers, the Fifth Avenue Bank, where he remained for three or four years. He then went to the National Union Bank as chief clerk, a position he held for five years. When this bank was merged with the National Bank of Commerce, Mr. Nevius went to the Union Exchange National Bank as cashier, in which position he continued until elected vice-president about five years ago.

COINS

Trade Dollar 1895 sold for \$1140, 20 cents
1878 CC \$250, \$1 gold 1861 D \$250, \$5-1678 S
\$1460. Equally high premiums on thousands of China,
Stamps, Bonds, Paper money. Illustrated Circular Free.
VONBERGEN, the Coin Dealer, Dept. B.M. Boston, Mass.

1869



1913

Mellon National Bank

PITTSBURGH, PA.

Invites the RESERVE accounts of Banks, Bankers and Trust Companies, on which INTEREST at the rate of 3 % will be paid.

WRITE FOR PARTICULARS

A. W. MELLON, *President*

R. B. MELLON, *Vice-President*

A. C. KNOX, *Vice-President*

W. S. MITCHELL, *Cashier*

B. W. LEWIS, *Asst. Cashier*

A. W. MCELLOWNEY, *Asst. Cashier*

H. S. ZIMMERMAN, *Asst. Cashier*

Resources Over 60 Millions

With combined capital and surplus of \$2,000,000, and deposits of \$10,500,000, this bank shows a good rate of growth for its tenth year.

—On November 1 the Guaranty Trust Company began the redemption of outstanding forty-five-year five per cent. bonds of the Interborough Rapid Transit Company to the amount of \$27,620,000. With the premium of five per cent. on each bond and the accrued interest, the total amount disbursed will be over \$29,000,000, an amount so large as to be noteworthy even in New York City, where large figures are more or less common.



Philadelphia

—The intimate relations existing between a modern bank and those engaged in the principal lines of production and trade is well represented by the "Corn Exchange National Bank Corn Show and Agricultural Conference," at the Council Chamber of the City Hall and at the Bourse Building in this city, December 4, 5 and 6, under the auspices of the Corn Exchange National Bank of Philadelphia, assisted by the Commercial Exchange, the University of Penn-

sylvania, State College of Pennsylvania, Pennsylvania Rural Progress Association, City Club of Philadelphia, Philadelphia Society for Promoting Agriculture and the Produce Exchange.

An unusually interesting programme has been prepared, the speakers being men of wide experience, and the topics assigned them of present practical interest. The purpose of the conference is to demonstrate the mutual interests of the city and country in agriculture by presenting the various

Gen. W. Cobb, Jr.

SPECIALIST

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BANKS AND PUBLIC BUILDINGS

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A FEW REFERENCES

First National Bank of Richmond, Va.
National Union Bank of Maryland.
Second National Bank of Cincinnati, Ohio.
American National Bank of Washington, D. C.
U. S. Senate Office Building, Washington, D. C.
House of Representatives Office Building, Washington, D. C.
Educational Building, Albany, N. Y.
New Haven County Court House, New Haven, Conn.
New York Public Library (the largest single contract ever placed for interior equipment).

CATALOG ON REQUEST

means for increasing efficiency in the business of farming, such as marketing, transportation, surveys—farm and soil, farm bureaus, corn shows, and therefore the advantage of a farm bureau for Philadelphia to act as a clearing house for agricultural affairs for Pennsylvania, New Jersey, Delaware and Maryland.

The Corn Exchange National Bank started the corn contest, giving \$1,250 in prizes for the best corn in Pennsylvania, New Jersey, Delaware and Maryland. Cards were sent around to all the banks and also a circular describing prizes and conditions of the contest. A short time afterwards the thought occurred to President Calwell to encourage the interest between the banker and the farmer and that it would be well to invite out-of-town bankers of the four States to attend the Corn Show. In order to make it more attractive, it was thought well to arrange a programme including some of the most prominent speakers in the country, and this has been done. Invitations were sent out to all the officers of the banks of the four States to attend this conference.

The programme of the conference is appended, and will give some idea of the speakers. Mr. Harris, who is head of the agricultural movement of the Ameri-

can Bankers Association, has done splendid and effective work all over the country.

Sir Horace Plunket, who will speak on "Agricultural Credits," has lived in this country for many years and knows the subject, not only from the viewpoint of the American, but also from actual experience on the other side.

Prof. W. D. Hurd, of Amherst College, is going to talk on the extension movement. N. B. Westcott will very likely speak on the question of "Marketing," as viewed from his official position in the Eastern Shore of Virginia Produce Exchange and will give some interesting information along this line.

The Pennsylvania Rural Progress Association and the Philadelphia Society for Promoting Agriculture have joined in arranging for the three days' Agricultural Conference.

Following is an outline of the programme:

Thursday, December 4, 1913, 10 a. m.—Address of welcome, Mayor Rudolph Blanckenburg; response, Charles S. Calwell, president Corn Exchange National Bank; "The Interrelation of City and Country," Hon. D. F. Houston, secretary, United States Department of Agriculture; "The Rural Situation," Mrs. Edith Ellicott Smith, presi-

A SPECIAL INCOME TAX RECORD

The Baker-Vawter Standard Stock Form *COUPON RECORD* is designed with the view to creating a complete segregated record of all coupons handled.

Provision is made for correcting entries where the tax was deducted, when it should not have been—or where the tax was *not* deducted, when it should have been.

Adapted for use in all Banks and Trust Companies handling coupons.

BAKER-VAWTER COMPANY

Bank Accounting Systems

STEEL FILING SECTIONS

BENTON HARBOR, MICHIGAN

HOLYOKE, MASS.

Offices in all principal cities—salesmen everywhere

dent Pennsylvania Rural Progress Association.

Afternoon, 2 p. m.—General topic, "Marketing." Address, Hon. C. J. Brand, chief, Bureau of Markets, United States Department of Agriculture; address, Hon. Cyrus C. Miller, president of the Borough of Bronx, chairman of the mayor of New York's Market Commission; "Problems in Marketing Pigs," J. J. Ferguson, Swift & Co.; "Problems in Marketing Poultry," E. W. Benjamin, Department of Poultry Husbandry, College of Agriculture, Cornell University, and C. L. Opperman, Maryland.

Evening, 8 p. m.—General topic, "Milk as a Business." "The Economics of the Milk Question," Dr. John R. Williams, secretary Rochester Chamber of Commerce (illustrated); "Market Problems of the Milk Question," Professor Larsen, State College, Pennsylvania. Discussion by dealers and farmers.

Friday, December 5, 10 a. m.—Corn Day. "Corn Clubs and Other Rural Organizations," Dr. T. N. Carver, director Rural Organization Service, United States Department of Agriculture; "Increasing Grain Production," Don Blair, Sugar Grove, Ill.; "The Farm Bureau—What it is and What it Does," A.

B. Ross, County Farm Expert, Bedford County, Pennsylvania.

Afternoon, 2 p. m.—General topic, "The Railroad and the Farmer." "Agricultural Freight as a Means to Rural Development," Hon. Charles A. Prouty, Interstate Commerce Commission; "Freight Rates as They Affect Agriculture," Prof. C. L. King, University of Pennsylvania; "Results of Railroad Co-operation in Transportation of Farm Produce," Dr. Mary E. Pennington, director Food Research Laboratory, Bureau of Chemistry, U. S. Department of Agriculture; "Cold Storage," Frank A. Horne, president Merchants' Refrigerator Company, New York city.

Evening, 8 p. m.—"Boys and Girls Corn and Tomato Clubs," O. H. Benson, United States Department of Agriculture; "Training Boys for Farm Life," Theodore N. Vail, president American Telephone and Telegraph Company; "The City Boy in Training for Farm Life," Rabbi Krauskopf, Philadelphia.

Saturday, December 6, 1913, 10 a. m.—Bankers' Day. General topic, "Agricultural Credit." "The Need of Agricultural Credit," Sir Horace Plunket, Dublin, Ireland; "What Form of Agricultural Credit is

KINGS COUNTY TRUST COMPANY

City of New York, Borough of Brooklyn

Capital, Surplus and Undivided Profits Over \$2,840,000

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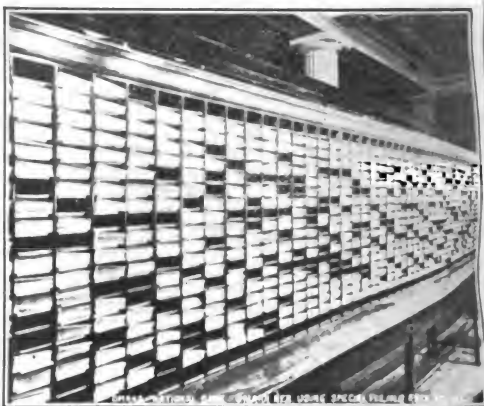
JOHN J. WILLIAMS

ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS

FRINK SYSTEM of BANK LIGHTING

Is Sight-Saving and Light-Saving

Thousands of prominent banks and business institutions throughout the country have installed the Frink and J-M Linolite Systems of Lighting — because it is the one system that gives a perfect working light. Positively eliminates harsh shadows and glaring effects, thereby preventing eye-strain. Clerical forces unconsciously do more work with less effort. This system consists of scientifically designed reflectors containing J-M Linolite electric lamps. These lamps are tubular in form and afford BETTER and MORE illumination at lower cost than ordinary systems. Where desired, reflectors are made for standard base lamps. Our Engineering Department will gladly submit FREE plans and estimates for remodeling your lighting system. Write our nearest Branch for illustrated catalog No. 408.



Omaha National Bank, using Frink Special Filing Rack Reflector.

H. W. Johns-Manville Co.

SOLE SELLING AGENTS FOR FRINK PRODUCTS.

Albany	Chicago	Detroit	Louisville	New York	San Francisco
Baltimore	Cincinnati	Indianapolis	Milwaukee	Omaha	Seattle
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Buffalo	Dallas	Los Angeles	New Orleans	Pittsburgh	Syracuse

The Canadian H. W. Johns-Manville Co., Ltd., Toronto, Montreal, Winnipeg, Vancouver.

Adapted to Conditions in the United States," J. Clyde Marquis, associate editor "The Country Gentleman" and delegate of the city of Philadelphia to the American Commission on European Agricultural Credits; "The Farmer's Thirty-Five Cent Dollar," Herbert Collingwood, editor "The Rural New Yorker"; "The Efficiency Movement and the Farm Problem," Dr. J. Russell Smith, Wharton School, University of Pennsylvania.

Afternoon, 2 p. m.—By special invitation. Address, Charles S. Calwell, president Corn Exchange National Bank; address, B. F. Harris, chairman of the Committee on Agricultural and Vocational Education of the American Bankers' Association, Champaign, Ill.; "Farm Restoration," Forrest Crissey, "The Country Gentleman"; "The State and the Farmer," Dr. W. D. Hurd, Massachusetts Agricultural College, Amherst, Mass.; N. B. Westcott, Eastern Shore of Virginia Produce Exchange, Onley, Va.

Evening, 8 p. m.—"Successful Farming," John Honeycutt, business man and farmer, Amboy, Ill.; "The Dollars and Cents Question on the Farm," C. W. Thompson of the Rural Organization Service, United States Department of Agriculture; "The Conservation of Country Life," Gifford Pinchot.

—On November 17 the Corn Exchange National Bank opened for business in the new addition to its building at Second and Chestnut streets. The old portion of the structure will now be remodeled on lines similar to the newer section. The bank's transit department has been installed in the new addition for some time on the second and third floors, and the directors' room has also been available for use.

Entrance to the new quarters is through the east door on Chestnut street, opening into a large, well-lighted rectangular room, the pilasters resting on a base of polished Hauteville marble. The floor is of the same French marble, of a dull finish, with a fleur de peache border. The bronze screen separating the open space for patrons from the various departments of officers and clerks is supported by a Hauteville marble counter. The bank and safe deposit vaults are in the basement, the walls of which are covered from floor to cornice with marble from France. Rooms and booths, furnished in mahogany, are provided for persons using the safe deposit vault.

—On November 8 the public were invited to inspect the new home of the Bayonne (N. J.) Trust Company. The new building



VAN KANNEL REVOLVING DOORS

MORE effective and practical than an attractive bank interior is a real safe, accessible entrance.

VAN KANNEL Revolving Doors will please your depositors—the doors will also prove satisfactory to you by eliminating draft, dust and cold—and the street heat in summer, too.

WRITE for Catalog "B"

VAN KANNEL REVOLVING DOOR CO.
FLATIRON BUILDING, NEW YORK

is both solid and attractive in appearance and is thoroughly equipped with the latest devices for safety, convenience and comfort.

—A fine type of bank building is being constructed for the new Midland (Pa.) Savings and Trust Company, which begins business with \$125,000 capital and \$50,000 surplus.

—Plans have been approved for a new building for the First National Bank of Syracuse, N. Y.

—Monmouth County, N. J., banks reported total deposits of \$14,252.42 on October 21. The Asbury Park Trust Company's deposits were \$273,213.71 on that date, as compared with \$262,542.33 on August 9.

—By an opinion of the Attorney-General of New York, the law of that State regulating the employment of children in business places is applicable to banks.

—For a young bank the Federal National of Washington, D. C., is showing a gratifying rate of growth. Its deposits have increased as shown herewith: January 20, 1913, opening day, \$491,982.98; February 4, \$752,619.75; April 4, \$977,852.06; June 4, \$1,169,573.56; October 21, 1913, \$1,288,856.

The officers of the Federal National Bank are: President, John Poole; vice-president, N. H. Shea; assistant cashier, Charles B. Lyddane; general counsel, J. J. Darlington.

—Clifford Hubbell, who has long been cashier of the Marine National Bank, Buffalo, N. Y., was recently chosen president of the Central National Bank of that city, George F. Rand having resigned that position to devote his time to the pending merger of the Marine National and Columbia National, Mr. Rand being still president of the Columbia and vice-president of the Marine.

Consequent on Mr. Hubbell's retirement from the Marine National Bank there have

been several changes in the officers of that bank. Henry J. Auer, who has been associated with the bank for about thirty years, has been elected a vice-president. Norman P. Clement, son of the late S. M. Clement, for many years president of the Marine, has been chosen as cashier in place of Mr. Hubbell. Percy W. Darby, who has had charge of the bank's safety deposit vaults, has been made assistant cashier.

—Through the courtesy of William T. Poole, first assistant cashier of the District National Bank, THE BANKERS MAGAZINE presents the accompanying figures of banking growth in Washington:

	National Banks	Savings Banks	Trust Companies
1907			
Dec. . .	\$30,446,098.97	\$4,559,236.94	\$19,131,784.48
1908			
Feb. . .	30,521,804.08	4,648,927.10	19,000,977.35
May . .	31,180,595.07	6,148,248.86	20,723,644.11
July . .	28,145,505.77	6,003,021.70	20,500,204.05
Sept. .	27,157,412.44	6,063,675.78	20,756,935.64
Nov. . .	27,764,169.09	6,179,672.16	22,077,538.18
1910			
Jan. . .	30,860,439.48	8,372,311.64	23,885,718.33
Mar. . .	30,950,065.46	8,763,967.84	24,824,435.31
June . .	32,800,388.16	9,117,013.45	25,965,332.69
Sept. .	30,377,487.25	8,834,591.28	25,102,972.53
Nov. . .	31,141,304.66	9,161,071.20	24,929,422.56
1911			
Jan. . .	29,405,123.71	9,185,805.94	24,842,100.76
Mar. . .	30,322,426.81	9,687,438.37	25,934,190.03
June . .	33,188,541.74	10,427,351.81	26,359,527.43
Sept. .	30,329,464.98	10,183,709.99	26,053,302.76
Dec. . .	30,541,119.81	10,982,455.84	26,701,786.63
1912			
Feb. . .	30,596,795.88	11,115,300.23	29,527,154.11
April .	32,636,691.16	8,883,992.44	34,281,703.77
June . .	33,952,871.61	8,752,967.58	33,581,685.25
Sept. .	32,943,260.41	8,900,162.30	34,177,861.18
Nov. 26	32,670,031.51	9,164,453.72	32,941,960.65
1913			
Feb. . .	32,169,676.50	9,476,223.78	33,636,178.26
April .	36,145,921.27	10,116,921.68	35,096,034.55
June . .	37,631,128.87	10,301,336.54	34,732,021.02
Aug. . .	37,179,073.17	10,263,087.77	34,987,301.02
Oct. . .	37,859,677.69	9,236,946.39	34,957,858.23

Four Indispensable Books for Bank Advertisers

By T. D. MacGREGOR

"Bank Advertising Plans"

(New Book)

There is quite a field for bank advertising ideas, plans and schemes entirely separate from newspaper publicity, or only partly dependent upon it. The purpose of "Bank Advertising Plans" is to present some of the best of such plans and ideas as they have been and are being used by various kinds of financial institutions in different parts of the country. This book is by no means a summary of any one man's ideas or experience. It is really a composite of the plans and successful efforts of a great many keen bankers and bank advertising men.

The chapter titles are "165 Plans and Ideas for Bank Advertising"; "News and Advertising"; "Community Boosting"; "Appealing to Nationality"; "Street Car Campaigns"; "Saving Clubs"; "The Bank Building"; "Pay Envelope Advertising"; "Christmas and New Year"; "Calendars"; "The Bank Historical"; "The Contest Idea"; "Parents and Children"; "Specialty Advertising"; "70 Bank Advertising Letters"; and "216 Bank Emblems or Trade-marks."

Price, \$2.50, carriage prepaid.

"Talks on Thrift"

(New Book)

A reprint of matter prepared by Mr. MacGregor for the campaign of thrift education conducted by the Savings Bank Section, American Bankers Association—a complete and convincing exposition of the whole subject of thrift and success through saving, containing over 100 quotations on the subject from the lips of successful men of every age and clime.

Price, \$1.00.

"Pushing Your Business"

(New 5th Edition)

This is a textbook of the fundamental principles of advertising in general and financial advertising in particular, while "2,000 Points For Financial Advertising," its companion book, provides the "copy" or actual material to use in the preparation of effective advertising matter for banks, trust companies, safe deposit institutions and investment banking houses.

"Pushing Your Business" has just been issued in its Fifth enlarged edition. It is now considered the standard book on the subject of bank, trust company, real estate, investment and insurance advertising. It is written in a very attractive style, being, as the Chicago "Daily News" said of it, "A fine exemplar of its own theories of directness, dignity and persistence."

The book is profusely illustrated. Over 200 pages. Cloth bound. Price, \$1.50, postage prepaid.

“2000 Points For Financial Advertising”

The purpose of this book is to provide a handy compendium of ideas and phrases suitable for use in the preparation of financial advertising matter—whether newspaper or magazine advertisements, booklets, circulars, “form” letters or street car cards.

The points in “2,000 Points For Financial Advertising,” as Moody’s Magazine said, “are sharp ones.” They are largely such as have been used by the author in his long experience as a writer of financial advertising. They are points that have proved to be telling arguments and the ideas so expressed have resulted in an aggregate of millions of dollars’ worth of new business for banks and other financial concerns throughout the United States.

The book is handsomely bound in cloth and printed in clear type on good paper. Price, \$1.50, postpaid.

Special combination price for “Pushing Your Business” and “2,000 Points For Financial Advertising” together, \$2.50.

ALL FOUR MACGREGOR BOOKS

\$6.50 worth—for only \$5.00

OTHER SPECIAL COMBINATION

DISCOUNT OFFERS

Any Two Books

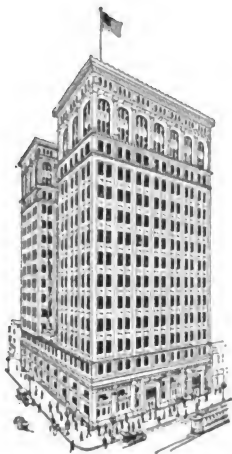
15% off their total price.

Any Three Books

20% off their total price.

Every bank advertiser, actual or prospective ought to have this complete set of the best books on the subject.

THE BANKERS PUBLISHING COMPANY
253 Broadway - - - New York City



THE OLD NATIONAL BANK OF SPOKANE

INVITES all banks desiring a prompt clearance of items drawn on points in the Pacific Northwest to avail themselves of its facilities.

DIRECT connection with practically every banking point in its territory renders its transit service singularly efficient.

D. W. TWOHY, Pres.
T. J. HUMBIRD, Vice-Pres.
W. D. VINCENT, Cashier
W. J. KOMMERS
J. A. YEOMANS
W. J. SMITHSON
Assistant Cashiers

CAPITAL
ONE MILLION DOLLARS

NEW ENGLAND

Boston

—"The Federal Income Tax Law, With Summary and Explanatory Notes," and "Coupons and the Income Tax Law," are the titles of two carefully-prepared pamphlets issued by the Old Colony Trust Company of this city. They give a large amount of interesting information on a subject that is now perplexing many bank and trust company officials.

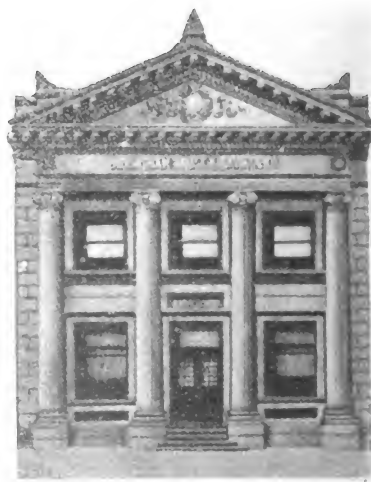
—The Beacon Trust Company has elected Alfred S. Nelson assistant cashier.

—Application has been made for authority to organize the French-American Savings Bank here.

SOUTHERN STATES

—The Florida National Bank of Jacksonville, in its report of October 21, showed \$500,000 capital, \$285,940 surplus and profits and \$3,521,553 deposits. Besides building up this large surplus, the bank has paid \$310,000 in dividends since nationalization in 1906.

—Capital stock, \$500,000; surplus (earned), \$550,000; undivided profits, \$104,513; thus reads the October 21st statement



BIRMINGHAM (ALA.) TRUST AND SAVINGS
COMPANY

of the Birmingham, Ala., Trust and Savings Company. Deposits are \$5,211,070, and total resources, \$6,729,014.

—This fine modern hotel, erected through the enterprise of Mills B. Lane, president of the Citizens and Southern Bank, and



HOTEL SAVANNAH, SAVANNAH, GEORGIA

other progressive citizens of Savannah, illustrates the forward movement now going on in a number of Southern cities. Its climate and general attractiveness make Sa-



PEOPLE'S NATIONAL BANK, LYNCHBURG, VA.

Utah Savings & Trust Company Salt Lake City, Utah

Commercial—Savings—Trust—Bonding

Capital . . . \$300,000
Surplus & Profits, 100,000

OFFICERS:

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E. A. Wall, Vice-President
W. Mont Perry, Vice-President
Frank B. Cook, Cashier
N. G. Hall, Asst. Cashier

Facilities for thorough banking service. Expeditious and intelligent handling of collections throughout this inter-mountain country. Familiar with investment opportunities in this locality. Information furnished on request.

25 Years Old

Title Certificates

Title Insurance

vannah one of the most delightful and interesting cities of the South for the tourist, and to these attractions are now added the comforts and luxuries of a thoroughly modern hotel.

—An explanation and analysis of the Income Tax Law, with full text of the act, has been issued by the American National Bank of Atlanta, Ga.

—Here is a fine record made by the Citizens and Southern Bank of Savannah, Ga.:

	Aug. 9, 1913	Sept. 12, 1913	Oct. 21, 1913
Capital, surplus and profits . . .	\$2,086,990	\$2,103,882	\$2,092,129
Deposits	6,368,066	7,297,585	9,183,472
Total resources . .	9,380,638	9,801,915	11,276,581

—The People's National Bank of Lynchburg, Va., which gives striking evidence of profits. Deposits on the date named were solid progress by the new building shown herewith, reported on October 21 total resources of \$3,315,155.41. With a capital of \$300,000 this bank has \$452,105 surplus and \$1,115,340.36. John Victor is president; Walker Pettyjohn, vice-president; G. E.



HEARD NATIONAL BANK, JACKSONVILLE, FLA.

Vaughan, cashier, and W. W. Dickerson, assistant cashier.

—Ability and readiness to serve account for the progress being made by the Heard

National Bank of Jacksonville, Fla., whose October 21st statement shows: Capital, \$1,000,000; surplus and profits, \$270,739; deposits, \$1,300,341, and total resources, \$3,610,680.15.



BANK OF BAY BISCAYNE, MIAMI, FLORIDA

**CONDENSED STATEMENT OF THE BANK OF BAY BISCAYNE OF MIAMI,
FLORIDA, AS EXAMINED BY THE STATE BANK EXAMINER AT
THE CLOSE OF BUSINESS OCTOBER 20TH, 1913**

ASSETS.		LIABILITIES.	
Loans and discounts	\$814,936.56	Capital stock	\$100,000.00
Overdrafts	583.02	Surplus	50,000.00
County script	39,293.85	Undivided profits	20,844.18
Railway pay checks	196.10	Dividends unpaid	262.50
Stocks and bonds	50,000.00	Deposits	975,277.03
Banking house	50,000.00		
Cash and due from banks	191,374.18		
Total	\$1,146,383.71	Total	\$1,146,383.71

—Houston, Texas, bank clerks and junior officers have organized a local chapter of the American Institute of Banking, starting with a membership of 100. H. B. Jewett was chosen temporary chairman; J. B. Still, secretary, and D. D. Krahle, treasurer.

—Richmond, Va., banks are growing, as may be seen from the accompanying figures, compiled by W. P. Shelton, assistant cashier of the First National Bank of Richmond.

WESTERN STATES

Chicago

—Malcolm McDowell, assistant secretary of the Central Trust Company of Illinois, resigned recently to go to Baltimore, where he will be associated with the department of publicity of the Southern Settlement and Development Organization. Mr. McDowell,

GROWTH OF BANKS IN THREE YEARS—COMPARATIVE ASSETS

	Nov. 10, 1910	Oct. 21, 1913	Increase
Loans and investments	\$44,285,436.75	\$57,822,862.82	\$13,537,426.07
Cash and clearings	3,080,247.15	3,741,981.16	661,734.01
Due from banks	7,840,544.41	12,016,663.97	4,176,119.56
Miscellaneous		581,101.38	581,101.38
Total assets	\$55,206,228.31	\$74,162,609.33	\$18,956,381.02

COMPARATIVE LIABILITIES.

	Nov. 10, 1910	Oct. 21, 1913	Increase
Capital	\$6,390,250.00	\$10,003,049.20	\$3,612,799.20
Surplus, profits, reserved for interest, etc.	6,349,838.53	8,566,069.14	2,216,230.61
Circulation	2,415,800.00	3,804,902.50	1,389,102.50
Deposits	39,020,756.25	49,002,593.62	9,981,837.37
Bond account	754,000.00	1,915,000.00	1,161,000.00
Bills payable and rediscounts	275,583.53	390,424.07	114,840.54
Miscellaneous		480,570.80	480,570.80
Total liabilities	\$55,206,228.31	\$74,162,609.33	\$18,956,381.02

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besides being an energetic bank officer, has been especially interested in the work of Chicago Chapter of the American Institute of Banking, and his counsels and labors have greatly contributed to its success.

—Nelson N. Lampert, vice-president of the Fort Dearborn National Bank, was recently chosen president of the Bankers' Club of this city.

—For the fourth time since its opening in 1903, the First Trust and Savings Bank, affiliated with the First National Bank, has been impelled by growing business to enlarge its floor space. This latest addition takes in a corner space at Dearborn and Monroe streets, forty by forty feet, giving the institution a total floor space of about 12,000 square feet.

The growth of this institution recalls one of Henry Ward Beecher's maxims for success in life, "First, choose your ancestors with great care." It must be admitted that the First Trust and Savings Bank had a tremendous advantage in being well born—and it has made a good use of this advantage—witness the \$54,000,000 deposits.

St. Louis

—C. H. McMillan, who has been connected with the Mercantile Trust Company since its organization and secretary until he became vice-president some four years since, resigned on October 20 as vice-president of the company. His resignation was wholly voluntary and was made for the

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purpose of taking a long desired rest, which will begin with a trip round the globe.

—These changes in officers of the South Side Bank are reported: August A. Busch succeeds his father, the late Adolphus Busch, as president; A. C. F. Meyer succeeds Augustus A. Busch as first vice-president; Henry Mezenmerth is promoted from third to second vice-president, and Charles Schroeter was elected third vice-president.

—Invitations were extended on November 17 to friends of the First Bank and Trust Company, Cairo, Ill., to visit the new banking quarters of that institution.

This company now has \$250,000 capital, \$105,877 surplus and profits and \$1,518,735 deposits.

—The Dime Savings Bank of Detroit, Mich., is now in its splendid new home, having occupied the building at about the time of the bank's thirtieth anniversary.

—A. G. Stuckey is a new assistant treasurer of the Guardian Savings and Trust Company, Cleveland, Ohio. He has long been identified with the trust department of the company.

—A number of Michigan banks are increasing their capital. Since January 1 the following increases are reported:

—After forty-five years of private banking, Busey's Bank, Urbana, Ill., was converted into a State institution under the title of Busey's State Bank, with \$100,000 capital. The present officers since 1907 have been: M. W. Busey, president; Paul G. Busey, vice-president, and Garrett H. Baker, cashier. And among the young men who have been actively connected with the bank in recent years are Simeon H. Busey, Jr., John H. Thornburn, David D. Webber, Charles A. Bongart, C. C. Burford and C. Bowen Busey. The assistant cashiers are now S. H. Busey, C. A. Bongart and Bowen Busey.

—On November 18 the First National Bank of Chillicothe, Ohio, celebrated its fiftieth anniversary. Since organization the bank has paid \$1,415,692.59 in dividends. Present capital is \$150,000, and surplus and profits, \$215,905.

Of all the men connected with the bank at its inception, Capt. E. R. McKee, vice-president, alone remains. He entered the bank as a bookkeeper in 1863, became cashier in 1883 and vice-president in 1905.

—Henry W. Yates, Sr., recently celebrated his fiftieth anniversary as an Omaha banker. He was long cashier of the First National Bank of that city, but later organized the Nebraska National Bank, of which he became president—a position he still retains. Mr. Yates has also served as presi-

	From	To
Merchants' Savings Bank, Battle Creek.....	\$50,000	\$125,000
City Bank of Battle Creek, Battle Creek.....	100,000	150,000
Lapeer Savings Bank, Lapeer	25,000	50,000
State Bank of Freeport, Freeport	20,000	25,000
Highland Park State Bank, Highland Park.....	100,000	250,000
Royal Oak Savings Bank, Royal Oak.....	20,000	30,000
Peninsular State Bank, Detroit.....	800,000	1,000,000
Saranac State Bank, Saranac	20,000	30,000
Rochester Savings Bank, Rochester	25,000	50,000
Kalamazoo City Savings Bank, Kalamazoo.....	300,000	400,000
Home Savings Bank, Detroit	750,000	1,000,000
State Bank of Gladwin, Gladwin	25,000	50,000
Wayne County Savings Bank, Detroit.....	1,000,000	2,000,000
Detroit Savings Bank, Detroit	400,000	750,000
Kalkaska County State and Savings Bank, Kalkaska ...	20,000	40,000

Capital - \$2,500,000.00

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Surplus and Profits - \$1,870,000.00

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dent of the Nebraska Bankers' Association, and is a frequent speaker and writer on banking and economic topics. F. W. Clarke was recently elected a director and first vice-president of the Nebraska National Bank.

—Compared with the statement of October 3, 1912, the State banks of discount and deposit of Minnesota on October 21 last showed an increase of \$20,785,657.70 in their deposits. Total resources of these 808 banks are \$170,901,455.

—At a meeting of Group No. 5 of the Wisconsin Bankers' Association, held at Lake Mills, October 22, these resolutions, offered by A. J. Frame of Waukesha, were adopted:

"Whereas, we believe in the mobilization of reasonable portions of the cash reserves of all the banks of the country to be held for relief when trouble threatens, of not only national, but State and other banks as well, as a relief measure when trouble threatens, and

"Whereas, a bill is now before Congress,

which, if enacted into law, will forcibly take away from the national banks alone, for the use of a central organization and its many branches, from five hundred to six hundred millions of dollars, which vast sum is practically one-half of their total capitals, and is also largely in excess of reasonable requirements to cover the true mission of a reserve bank, and

"Whereas, said bill provides that all national banks must subscribe twenty per cent. of the capital of each bank, for capital for such 'Reserve Bank'; ten per cent. thereof to be paid in cash and the balance of ten per cent. to be subject to the call of the Reserve Bank; also that 'country banks' shall keep five per cent. of deposits in cash on hand, and also contribute five per cent. of their total deposits for the use of the reserve bank without interest or recall at any time, and at the end of three years two per cent. additional or else in cash, thus largely closing their accounts with present city correspondents, and

"Whereas, the Milwaukee Reserve City Bank, in addition to capital requirements, must keep nine per cent. of deposits in cash on hand and five per cent. with the Federal

Capital - \$6,000,000

Surplus - \$6,000,000



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WRITE

Reserve Bank without interest or recall; further, at the end of three years an additional four per cent. either in cash or with the Federal Reserve Bank, thus exceeding present cash requirements, and

"Whereas, these demands cannot be met with cash on hand, as all Wisconsin banks hold but \$21,000,000, but must largely be met with choice interest bearing securities to the extent of, say, eight or ten millions of dollars for national banks alone, and if State banks all join, the aggregate would approximate twenty-five millions of dollars, all of which would be transferred to a Federal reserve bank in Chicago and the income lost to the people of Wisconsin, and

"Whereas, such transfer of funds is seriously detrimental to the farmer, the merchant and manufacturer in Wisconsin, therefore be it

"Resolved, that we earnestly ask Congress to so amend the present bill to the end that it calls for cash not to exceed two per cent. of deposits from country banks, two and one-half per cent. from general reserve city banks and five per cent. from three central reserve city banks, which will provide with capital paid in, \$300,000,000, covering ample cash to relieve distress.

"Resolved further, to compel the transfer of interest-bearing securities to cover larger demands under the 'bill' is simply to confiscate interest thereon and does not add one dollar of cash with which to relieve the banks through rediscounting in the day of trouble, further

"Resolved, that justice demands equal rights with State banks as to joining the Federal Reserve Bank, because if tempered with reason, success is assured. If tempered with injustice, the existence of the best and most democratic independent banking system the world ever knew will be jeopardized."

—Milwaukee has a "Junior Bank Officers' Association," which met in that city a short while ago and elected these officers: President, A. W. Bogk; vice-president, G. B. Prentice; secretary-treasurer, J. M. Hays.

—Decision has been reached by the board of directors of the United States National Bank, Omaha, Neb., to put up a new building exclusively for the bank.

—The First National Bank of Marietta, Ohio, observed its fiftieth anniversary on November 14. It is No. 142 in the national banking system.

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PACIFIC STATES

—J. E. Fishburn, president of the National Bank of California, is the new president of the Los Angeles Clearing-House Association. J. F. Sartori, president of the Security Trust and Savings Bank, is vice-president of the association, and James B. Gist, cashier of the Security National Bank, secretary and manager.

Clearings for the last year showed an increase of thirteen per cent. over the figures of the preceding year.

—Joseph Baily, cashier of the National Bank of Commerce, is the new secretary of the Spokane (Wash.) Clearing-House Association. Mr. Baily began his banking career in Spokane in 1903 with the Old National Bank, where he remained for six years, resigning to accept the position of assistant cashier with the National Bank of Commerce when it was organized in 1909. Mr. Baily recently succeeded Mr. Cook as cashier of that institution. He has always taken an active interest in the Spokane Chapter of the American Institute of Banking.

—In nine months the Northwestern National Bank of Portland, Oregon, reports an increase of \$785,337.78 in its deposits, which now total \$2,561,875.

—More business has caused the Crocker National of San Francisco to provide for extending its building. Work will begin on the addition about February 1.

CANADIAN NOTES

—R. B. Angus, recently retired from the presidency of the Bank of Montreal and was succeeded by H. V. Meredith, heretofore general manager. Mr. Meredith will be succeeded as general manager by Sir Frederick Taylor, manager of the bank's London branch. A. D. Braithwaite, superintendent of Ontario branches, becomes assistant general manager.

Mr. Meredith became general manager of the bank on the retirement of Sir Edward Clouston in 1912 and had previously been assistant manager. He has grown up with the bank. In 1879 he was made accountant of the Montreal branch and in the same year was made assistant inspector. In 1888 he became manager of the Montreal branch and prior to his appointment as general manager had for several years been assistant general manager.



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Sir Frederick Taylor, the new general manager, obtained his banking experience in the service of the Bank of Montreal. Before going to London he managed the Chicago agency. His thorough knowledge of Canadian banking and general finance, as well as conspicuous abilities as a banker, have made him distinguished in the business world. On New Year's day, 1913, he was knighted by King George.

—Canadian Bank of Commerce has a branch at Retlaw, Alberta, with F. A. Stuart, manager.

—For the Bank of Nova Scotia a \$35,000 building is being erected at Saskatoon.

—Branches of the Merchants' have been established at Ormstown, Que.; New Glasgow, N. S.; Ganges Harbor, B. C., and Shaunavon, Sask.

—The Home Bank of Canada has opened a branch at 2115 Yonge street, North Toronto, making the ninth office of the bank in Toronto.

—Meyronne, Sask., now has a branch of the Bank of Toronto.

—St. Catharines, Ont., has a new branch of the Bank of Montreal.

—A branch of the Royal Bank of Canada has been opened at Port Rouge, Quebec.

—The Dominion Bank has opened a branch at Walkerville, Ontario.

—A new branch of the Royal Bank of Canada is reported in Halifax and at Coniack, Quebec.

—Toronto has a new Stock Exchange, costing upwards of \$130,000, exclusive of the site.



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